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ABSTRACT

An intrinsic part of the transition to a modern market economy in Hungary has been the restructuring of the vocational education and training (VET) system. A positive side effect of the socioeconomic transition is the emergence of human resources development (HRD). The transition process has been successful in the school-based education system, but adult VET faces challenges. Important areas in HRD are creation of a continuing vocational training system and increased integration of disadvantaged groups into VET. A legal and institutional background provides for active involvement of social partners in VET development. Establishment of more effective information systems would lead to more social partner input in development of the qualification structure. Restructuring of the National Register of Vocational Qualifications would contribute to its development in different occupational areas. In the context of Hungary's accession to the European Union, international transparency of qualifications becomes very important. Preparations must begin immediately, starting with development of information systems within institutional structures and covering certificates and content of training programs. (Appendixes include a 25-item bibliography; tables with information on population, labor market, VET, qualification structure, teacher training, and continuing training; and lists of research programs and key legislation on VET.) (YLB)

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ED 445 229

Report on the vocational education and training system

NATIONAL OBSERVATORY COUNTRY REPORT

Hungary

1999

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Tacis

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Author's preface

This study has been commissioned by the European Training Foundation. Its aim is to analyse developments in the Hungarian vocational education system over the past ten years, describe achievements and outline future possibilities and potential.

The study is intended to inform international and domestic fora and professionals on the relationship between vocational education and training and the labour market, the progress achieved and the challenges facing vocational education and training in Hungary.

The European Training Foundation has also commissioned similar comprehensive studies in the other partner countries. All of these follow the structure drawn up by the Foundation. The use of a uniform structure for the study has enabled international comparability and the identification of common problems and results. It is proposed, therefore, that those who would like to have a more comprehensive view of the vocational education and training and labour policies and structures in Central and Eastern European countries should review all of these studies.

Each of the studies, including the Hungarian study, has been prepared by the relevant National Observatory. In Hungary, the National Observatory operates within the National Institute of Vocational Education, which is by far the most important institution dealing with vocational education and training. Further information pertaining to the material presented in this study may be obtained from the Hungarian National Observatory, the e-mail address of which is observat@nive.hu.

This study was prepared in the autumn of 1999 and during the first weeks of 2000. During this period, Hungary got over most of the "acquis screening" phase of the accession negotiations with the European Union. The education and vocational education and training chapter has been closed, on an interim basis, for a year and a half and the education system has been classified as suitable for a future Member State.

The National Development Plan was prepared while the study was being carried out. However, the official drafts of that Plan had not been finalised, so their contents could not be incorporated into the study. Nevertheless, numerous elements that will probably be included in the National Development Plan have been integrated into the various chapters.

During the period covered by the study, there were four particularly important developments in the area of education and training:

- the modernisation of the qualification structure;
- the introduction of a comprehensive quality assurance system in the education and training sector;
- the increased integration of disadvantaged groups; and
- the development of the theme of the transparency of vocational qualifications to support the free movement of labour.

Each of the four themes has been described and elaborated in detail in the relevant chapters.

The year 2000 is the last year of the period of economic and political reforms. Privatisation has been practically completed and state ownership has shrunk to the percentage considered acceptable in Western European countries. The rate of unemployment has declined to below the European Union average. The economy has been integrated into the western system to a very considerable extent, as was indicated by the modest effect of the Russian crisis on the growth of the economy of Hungary, which was about twice as high as the European Union average. Inflation used to be one of the most severe problems but by 1999 it had declined to 10%, while the rate forecast for 2000 is between 7% and 8%.

The 1999 Country Report on Hungary, prepared by the European Union, stated that most of the accession criteria had been met. Nevertheless, the report drew attention to shortfalls in the areas of environmental protection and the social integration of the Romany minority. The latter has serious implications for education and training as well as for other sectors. Therefore, the study deals with this area in a little more detail and also provides some historical perspective. A Phare programme is expected to be launched to improve the level of schooling among the Romany population, which numbers about 500,000 and is about 5% of the population of Hungary.

Hungary is celebrating the 1000th anniversary of the establishment of the Hungarian state, at a time when one of its traditional public administration units – the county system – is undergoing significant transformation. The primary reason for this change is accession to the European Union. In terms of inhabitants, the sizes of the counties in Hungary fall below the 1.5-2 million required for a European Union NUTS 2 region. The process commenced in 1995 with the creation of the legislative background. After much debate, what is emerging is a system which would have new territorial units, based on 'statistical regions' and comprising about three counties each, interposed between the county and national levels of government. This process of decentralisation will, undoubtedly, be one of the most important tasks that Hungary will have to deal with in the next few years.

It is in this context that the need for technical expertise and expert advice to support human resource development at a regional level emerges. This will be a priority area of future activity for the Hungarian National Observatory.

In many respects, 1 January 2000 is an important turning point. On the one hand, a seven-year programme, Phare 2000, will be launched. At the same time, two other preaccession programmes, ISPA and SAPARD, will get underway and will have European Union support. The Leonardo da Vinci programme, which has given the most support to vocational education and training to date, will also commence its second phase in the year 2000.

The elements outlined above all go to show that, while the accession process has progressed significantly, Hungary will have a lot of opportunities and room for further development and a significant level of resources to take advantage of them.

The area of vocational education and training has been developing quite successfully over recent years and there are no major problems or obstacles. However, the level of teachers' earnings is a major problem in the education system at the moment. The problem is especially serious for vocational teachers, as is evidenced by the large numbers of teachers leaving the profession. This trend may eventually lead to a substantial decline in the standards of education. The problem of low pay is not confined to teachers, but is characteristic of the whole of the civil service sector. The solution to it, therefore, is not within the competence of the Ministry of Education. However, since the problem cannot be regarded as a technical/professional issue, this study does not go beyond establishing the facts on the matter.

Executive summary

The transition to a modern market economy was successfully accomplished during the past decade. The restructuring of the vocational education system was an intrinsic part of this process. The dramatic decrease in in-company training in the early 1990s Hungary resulted in a further strengthening of the theoretical character of vocational education. With few exceptions, central and local training programmes leading to vocational qualifications recognised by the state and the practical component of professional examinations have a theoretical orientation. The establishment *of a balance between the theoretical and practical components of vocational education, in accordance with the needs of the labour market* is a priority task for the coming years.

One of the positive side effects of the socio-economic transition was the emergence of the complex idea of *human resources development*. The transition process was successful within the school-based education system. However, in the field of adult education outside the school-based education system, vocational education and training in Hungary is faced with significant challenges. The Hungarian economy requires a highly qualified and flexible labour force, able to develop new skills and competencies in line with changing needs. To achieve this however, a *continuing vocational training system*, which ensures continuing education and training opportunities through the support of short-course programmes tailored to individual needs which build on existing knowledge, must be created. The other important area in human resources development is the increased integration of *disadvantaged groups* into vocational education and training. The Hungarian vocational education and training system may have concentrated on some groups to the relative neglect of others. The future development of the system should concentrate on the development of education forms facilitating the labour market integration of the 'losers' in the transition process, that is, *people in their 50s and other people disadvantaged in the labour market*. It should also ensure equal opportunities in access to education and training for people living in remote rural areas. The development of *open and distance learning* is one very effective way of achieving this.

In Hungary, there is a legal and institutional background providing for the active involvement of the *social partners* in the development of vocational education and training. However, taking the *development of the qualification structure* as an example, it must be said that most of the nearly 1,000 vocational qualifications recognised by the state have been included in the National Register of Vocational Qualifications, not on the proposal of the social partners, but on that of the relevant ministry. This undesirable situation could be changed by improved discussion between vocational education policy-makers and the social partners and by *establishing more effective information systems*. Taking the initiative is, of course, a governmental responsibility, but there is a need for more seminars of an informative nature and for more research projects. There is an additional need to nominate experts or a group of experts in the field who would be responsible for keeping in touch with companies, professional organisations and schools in the relevant area. Initiatives like these could facilitate and support the modernisation work of the National Register of Vocational Qualifications.

The restructuring of the register of qualifications recognised by the state, the National Register of Vocational Qualifications, is currently in process. It seems reasonable to suppose that the kinds of initiatives mentioned above will contribute to the development of the register in the different occupational areas. The process, however, cannot be completed without the *development of the institutional system*.

In the context of Hungary's *accession to the European Union*, the international *transparency of qualifications* becomes an area of considerable importance. Since this cannot be achieved from one moment to the next, preparations must begin immediately, starting with the development of appropriate *information systems*, which must be established within the *institutional structures and cover both certificates and the content of training programmes*. As far as student mobility is concerned, the implementation of the legal requirements of the "European Pathway" is a must.

The completion of all these tasks would contribute, not only to Hungary's accession to the European Union but, also, to harmonious social and economic progress within the country.

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1. Political and socio-economic background

1.1 Economic development

1.1.1 General trends

(see the detailed tables in Annex 1)

Hungary experimented with market-type reforms much earlier than other socialist countries. The "new economic mechanism", introduced during the late 1960s and speeded up during the 1980s, led to substantial progress in establishing a basic legal and institutional framework for a market economy. Following the installation of a democratically elected government in 1990, the reform process accelerated. The rapid expansion of private enterprises and the creation of joint ventures pushed up the private sector share of gross domestic product to over 70%. It now employs more than half of the labour force.

Despite these positive trends, Hungary fell into a deep recession in the first years of the transition process and gross domestic product contracted by 17% between 1990 and 1993. Following the "transitional recession", growth and performance remained poor because the recovery was initiated in conditions of severe external imbalances and the initial stabilisation programme was aborted. The current deficit amounted to almost 10% of gross domestic product in 1993 and 1994 and that was primarily due to fiscal imbalances of the same order of magnitude. This level of deficit was particularly worrying because it occurred against the backdrop of an already high level of external debt.

In March 1995, the government began to address these imbalances with a strong emergency stabilisation programme combined with accelerated structural reforms. The economic package was aimed at putting the economy on a sustainable path of low-inflationary growth. Wage policy in the public sector was tightened and budgetary measures were taken to reverse the deterioration of the fiscal balance.

The stabilisation package was successfully implemented. The budgetary deficit fell from 8.4% of gross domestic product in 1994 to about 3.5% in 1996. This adjustment was brought about by an impressive reduction in public expenditure, from 61% of gross domestic product in 1994 to 50% in 1996. In 1997, the general interest payments on accumulated foreign exchange losses of the National Bank of Hungary were consolidated. This measure increased the deficit to 4.8% of gross domestic product.

The restraint on wages was equally significant, as is evidenced by the decline in real net wages by 12% in 1995 and 5% in 1996. This decline in wages, which was coupled with an increase in productivity, resulted in sharp gains in external competitiveness.

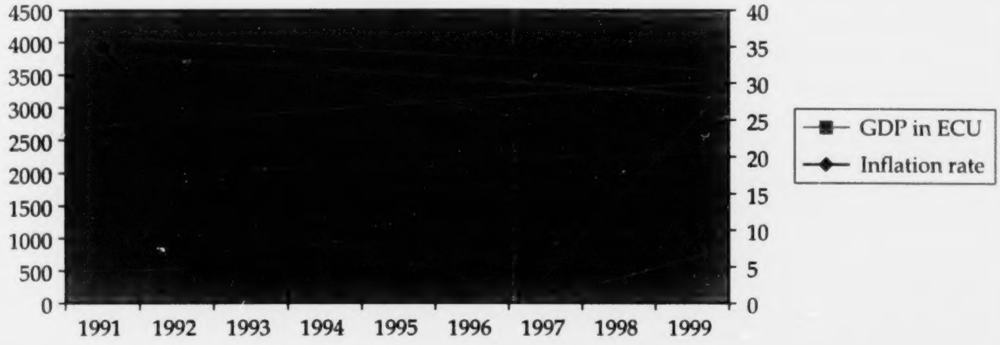
The macroeconomic situation improved significantly as a result of the adjustment programme. Growth in gross domestic product remained slow in 1995 and 1996, because of a contraction in aggregate demand following fiscal tightening, but reached 4.4% in 1997 and even faster rates were expected for 1998 and 1999. Hungary had a population of 10.2 million with a GNP of USD 4,430 per person in 1997. The inflation rate declined from 28% in 1995 to 18% in 1997 and 15% in 1998. The registered unemployment rate has fallen below 10% of the labour force.

The external balance situation also improved significantly. The deficit in the current balance of payments was reduced from 9.4% of gross domestic product in 1994 to 2.2% in 1997. Moreover, the strengthening of the current balance of payments was accompanied by a significant inflow of foreign direct investment, most of which was due to the privatisation of major state assets. Net foreign direct investment reached the extraordinary level of 10% of gross domestic product in 1995 (USD 4.4 billion) and 4.0 and 3.4% of gross domestic product in 1996 and 1997 respectively. The reduction of the current balance of payment deficit to levels below net foreign direct investment for three consecutive years resulted in a significant decline in net external debt ratios – from 46% of gross domestic product in 1994 to 25% in 1997.

Since 1995, Hungary has made substantial progress in its economic transformation by accelerating its privatisation efforts, restructuring enterprises and implementing reforms in the financial sector and in the public finances. The privatisation programme for enterprises was virtually completed by the end of 1997. The major commercial banks were successfully privatised and their management was improved. There were significant improvements in the legal and regulatory framework of the financial sector and the government's public finance management also improved.

The government has expressed its intentions to continue the fiscal consolidation process and the implementation of structural reforms in the public sector.[1]

Chart 1.1 Gross domestic product and the inflation rate 1991-1999



Following a decline in the first quarter of 1999, economic growth recovered and has increased in every quarter since then. This process was accompanied by a stabilisation of the external balance and by declining unemployment.

Despite the recovery, the rate of economic growth was not as high as in 1998. Gross domestic product was 3.9% higher in the first three quarters of 1999 than in the corresponding period of the preceding year. The current growth rate of the Hungarian economy is rapid by international standards, prices and exchange rates are reasonably stable and the perception of Hungary in the eyes of the investors is considered good.

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[1] World Bank Country Report 1998

The rate of inflation declined even faster than planned over an approximate six-month period around the turn of 1998/1999. This trend, however, slowed down in the second quarter of 1999 and then turned around. The average annual price change, however, is still closer to the lower limit of the expected 10-11% annual inflation rate.

The different sectors of the national economy developed at varying rates during the first nine months of the year. The industry sector made a major contribution to sustaining economic growth at a relatively high level despite deteriorating external trade conditions and, indeed, contributed to the upswing in those conditions towards the end of the year. The added value of construction increased faster than the average for all sectors, while the net output of agriculture continued to diminish. Growth in the service sector was slower than the overall rate of growth in the national economy. Within the service sector there still is a clear difference, in terms of growth rates, between services directly associated with production and 'non-commercial' services. While the added value in the first group (e.g. commerce, transport, and communication) generally grew vigorously, in the second group (e.g. education and health), it fell short of the average.

The final state of the economy is expected to end up close to the lower limits of the range of growth that was forecast originally. The interim processes have made it abundantly clear that the growth rate, the balance of payments and the development of prices depend, to a great extent, on the international environment and on the efficiency with which Hungary adapts to that environment.

Even if trends in external trade become more favourable, significantly higher economic growth in Hungary can be realistically expected only if the following conditions are fulfilled.

- It is essential that macroeconomic policy instruments be used to maintain a favourable balance of payments and to continue the trend towards price stability. This would require allowing businesses sufficient flexibility to cope with fluctuations in international growth. At the same time, there should be decreased regulation and stricter control of public expenditure. Wherever it can have a material influence, government policy on wages and prices should be consistently and modestly determined in line with economic circumstances. These are the fundamental bases on which it is possible and necessary to create and implement an active and prudent monetary policy.
- It is also necessary that competitive medium-sized Hungarian enterprises prosper alongside the strongest companies with strong equity positions in the driving sectors of the economy. To achieve this, however, the structural problems of the economy, which are still significant, must be resolved within the limits set by the requirements of balanced growth and should become really strategic issues of economic policy.

The prospects of sustained growth in Hungary are much better today than at any time since the country's transition to a market economy began.

1.1.2 Privatisation

The economic policy of the first post-communist government in 1990 pursued three main goals simultaneously: privatisation, further liberalisation and stabilisation. Privatisation was intended to be relatively quick and based on the sale of state-owned companies on market terms. There were three phases in the privatisation process:

- 1991-1992, the sale of state-owned enterprises to foreign strategic investors;
- 1992-1994, the sale of state-owned enterprises to domestic investors; and
- 1994-the present, the sale of public utility and telecommunication companies to foreign firms.

In the first phase, enterprises which were, for the most part prosperous, were sold to foreign investors, often to multinationals which wanted to establish themselves in the Hungarian market or to find strategic positions to enter the Eastern European market. The foreign buyers were often attracted by the low labour costs. In the second phase, smaller state-owned companies were sold to Hungarian investors. The government also supported workers' share ownership with preferential loans. In the third phase, the public utility companies, which were often state monopolies, were sold to big foreign firms.

At the beginning of 1990, there were 1,860 state-owned enterprises. In August 1998, there were 228 companies with state ownership. The book value of the property portfolio of the State Property Holding Company was HUF 601 billion (approximately USD 2.74 billion). Almost the half of this (HUF 277.5), is still to be sold.

1.2 Regional development

In Hungary, there are nineteen counties plus the capital, Budapest. For the purposes of this study, it is better to talk about regions rather than counties, organising adjoining counties into the following seven regions:

R1: Central Hungary: **Budapest and Pest county.**

R2: Central Transdanubia: **Fejér, Komárom-Esztergom and Veszprém counties.**

R3: Western Transdanubia: **Gyõr-Sopron-Moson, Vas and Zala counties.**

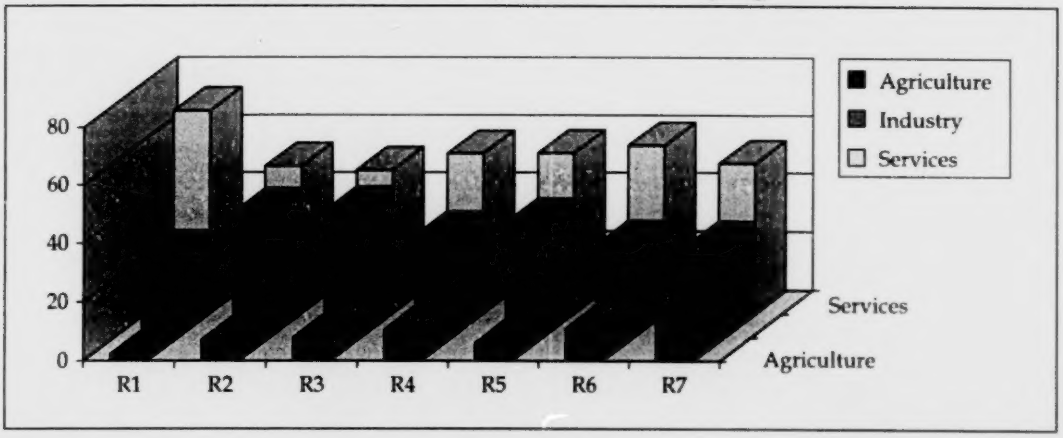
R4: Southern Transdanubia: **Baranya, Smogy and Tolna counties.**

R5: Northern Hungary: **Borsod-Abaúj-Zemplén, Heves and Nógrád counties.**

R6: Northern Great Plain: **(central part of Eastern Hungary): Hajdú-Bihar, Szabolcs-Szatmár-Bereg and Jász-Nagykun-Szolnok counties.**

R7: Southern Great Plain: **(southern part of Eastern Hungary): Bács-Kiskun, Békés and Csongrád counties.**

Chart 1.2 Sectoral employment shares by region 1998



Within the framework of accession to the European Union, it is obvious that particular action programmes could be carried out only through harmonised regional policy. Human resource development plays an increasingly significant role in regional development policy. Several projects have been implemented in this field. The population of a "European Union NUTS 2 region" is 1.5 – 2 million people. There are different types of regions:

- *a planning-statistical region* is made up of several adjoining counties, and is a continuous planning and statistical regional unit;
- *a development region* is made up of one county or several counties, or the administrative areas they cover, which form a regional unit from a social, economic or environmental point of view;
- *a special region* is made up of one county or several counties, or the administrative areas they cover, which form a regional unit from a social, economic or environmental point of view and whose development is considered significant from the national viewpoint or to advance other objectives determined by law (e.g., the capital agglomeration, a special tourist area, a nature reserve, or a cross-border or other unique area).

The 1996/XXI Act takes into consideration European Union regional policy and general European Union principles.

The European dimensions of the Act are:

- promotion of the incorporation of Hungary into European Union regional policy in the framework of international co-operation;
- utilisation of the mutual advantages of regional co-operation;
- promotion of the harmonised development of cross-border regions, with special regard to the disadvantaged cross-border regions; and
- the provision of assistance for regional development activities that further European integration and innovation.

The Act establishes the following executive institutions.

➢**The National Regional Development Council**

The Council participates in the implementation of regional development and rural development-related government activities and makes decision on issues arising from Act.

➢**Local Government Regional Development Associations**

According to the Act, the Boards of Representatives of local government authorities are entitled to establish a legally-based regional development association in order to harmonise the development of the different parts of the region, to create common regional development programmes and to provide common funding for the support of development projects.

➢**The County Regional Development Council**

The Council is charged with harmonising the development policies of the government with those of local governments, their regional development associations and the economic organisations operating in the county.

➢**The Regional Development Council**

The County Regional Development Councils are entitled to establish regional development councils in order to implement certain cross-county regional development activities.

The Act establishes two Regional Development Councils: the Budapest Agglomeration Development Council; and the Balaton Development Council.

These will take part in the formulation of regional development policy, in the preparation of regional plans and other common regional development activities.

In the future, these councils shall be expected to be responsible for the human resource and political elements of regional development activities.

The retraining of employees in institutions which are active in rural development was given particular attention in 1999. The new government's programme focused on rural development and it was in this context that the Government established the Ministry of Agriculture and Rural Development.

Other regional development plans are designed to ensure that Hungary achieves the desired level of decentralisation by the turn of the millennium. Among the most essential elements in these plans is the relocation of R&D activity to areas other than Budapest. Within the framework of this programme, innovation centres should be set up across the whole country. These centres should possess appropriate production and intellectual skills and be inter-linked so that they are able to promote economic growth, restructuring and the renewal of rural areas and towns. They should also promote social development in a number of areas and could adopt a conscious development policy.

To prepare for accession to the European Union, the Government has set up an Integration Strategy Committee with the aim of analysing the present situation and addressing the tasks ahead.

The Secretary of State for Integration has set up over forty European Integration Interdepartmental Committees. Their tasks are to scrutinise legislation and prepare for legal harmonisation and for the incorporation and adoption of the " acquis communitaire".

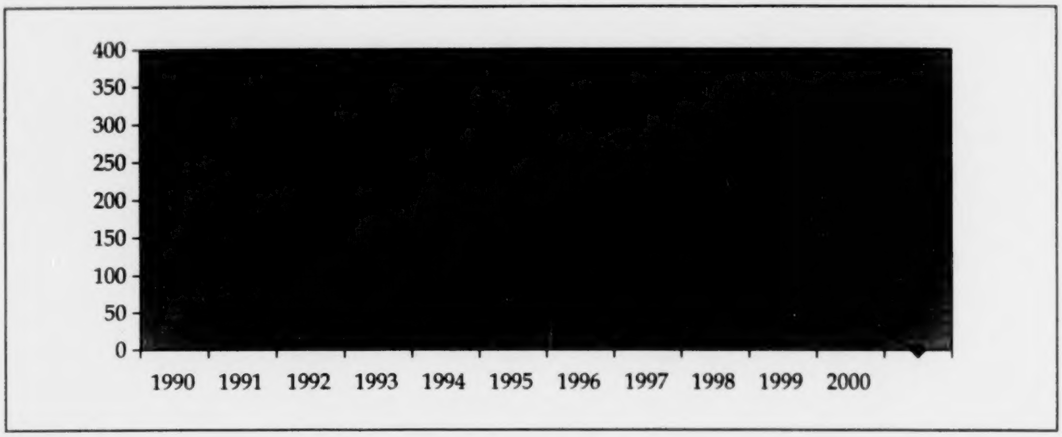
Vocational education and training features highly in the work of several working committees - free movement of labour, youth training, sport and mutual recognition of qualifications.

1.3 *Demography*

(see the detailed tables in Annex 2)

In line with the general European trend, the total population of Hungary is gradually declining. Although the current population is 10.044 million, forecasts are that, within the space of 2-3 years, it will fall to below 10 million. Since 1997, there has been a continuous annual fall of 0.4% in the total population. In the case of men, the rate of decrease was 0.5% in 1999 compared to the preceding year while, in the case of women, it was 0.4%. Data over the last 10 years show that, within the total population, the number of men has reduced by 3%, while that of women has increased by 3% so that, in 1999, men represented 47.7%, and women 52.3%, of the population.

Chart 1.3 Number of the population (10 Million=0)



Looking at the distribution of the population by age group, we found that the number of people in the 0-14 age group fell by 385,900 over the period 1990 to 1999, while that of the 15-29 age group increased by 226,000. While a clear decline can be observed in the number of births over the past 20 years, the mortality rate remained almost unchanged. This is indicative of the overall ageing of the total population.

In 1999, the population of Budapest was 1.94 million or 18.2% of the total population. A comparison with 1990 data shows that the proportion of the population living in the capital city fell by 1.2% over the last decade.

There has been no significant change in the proportion of the population living in cities in the last 10 years, although there has been a slight increase in the rural population. In 1999, the share of those living in cities was 45.3% (and had been in and around that level for the previous decade) while the share of the rural population was 36.5%, which represents a 1.4% increase compared to 1990.

According to the last census (1990), 98.5% of the population in Hungary is of Hungarian nationality. The second largest ethnic group is the Romany population with 0.5%, and the German-speaking group at 0.4% are also a quite significant segment of the population. A smaller number of Serbs, Croats, Slovenians, Romanians and Slovaks are also present.

The population density was 108.5 persons per km^2 in 1999. Along with the continuous reduction of the population, the population density of the country also declined over the past decade.

1.4 Social protection

(see the detailed tables in Annex 3)

Social security policy is linked to the labour market in several ways. The usual complaint of the employers is that the contribution burden on wages and salaries in Hungary is too high. Obviously, a decrease in these rates would give an incentive to more job creation. However, there has been a high deficit in social security expenditure in recent years, so there is not a lot of scope for decreasing the revenues collected in the form of social security contributions.

The Health Insurance Funds were "re-nationalised" in 1998 and, from 1999 on, social security and other tax revenues will be collected together to increase the efficiency of the process. The government claims that this package of measures will allow them to decrease social security contribution rates and simultaneously maintain or even increase the level of revenues. Social insurance contributions cannot finance total expenditure on pensions, sickness benefits and health care and that is why there is a social security deficit. Eventually, the whole health care system will have to be reformed.

With regard to the pension system, two extremely important changes were introduced in recent years. The retirement age, which used to be 55 years of age for women and 60 for men, has been raised to 62 for both genders. This change increased the labour supply and has had a clear negative impact on the unemployment rate. On the other hand, increasing life expectancy and financial considerations were strong arguments in favour of this plan. The State social security system would not be able to operate if the retirement ages remained as they were. The other important change was the introduction of a three-pillar pension system which consists of the traditional state-run pay-as-you-go system, compulsory private pension insurance and voluntary private pension schemes. This system has been operating quite successfully since 1997. However, it puts an extra burden on public expenditure, because, as some of the new contributions are going to private pension funds, the state has to pay pensions to current pensioners from less resources.

As in most European countries, the ageing of the population represents an increasing burden on public social expenditure. The dependence ratio started to increase before the transition, but this increase has accelerated dramatically in recent years: by 1995, for every employed person, we had 0.748 pensioners. The main reason, however, was not the ageing of the population, since the ratio of the old (aged 60 or more) to those of working age (aged between 20 and 59) did not change significantly, mainly because of low life expectancy. It was the result, rather, of lower rates of participation in the labour force and the increasing number of early retirements. While, in 1985, 93% of pensioners were people of retirement age (men over 60 and women over 55), in 1995, at least 30% of pensioners were below pension age: they either utilise some early retirement scheme or retired because of poor health. The latter was also a common way out of the labour force for people who had few prospects on the labour market.

1.4.1 Tax policy

The situation is somewhat similar with regard to tax policy. Personal income tax rates are rather high in Hungary. This has several negative impacts such as less job creation and a smaller labour supply (in the legitimate sector). It also provides incentives for tax evasion. However, the budgetary situation of the country still does not allow for a significant decrease in tax revenues. Therefore, the objective of the government is to increase the efficiency of the tax-collecting process. For this purpose, as a first step, in 1999, a tax police was established to investigate tax evasion cases. The most significant trend in the composition of tax revenues is a shift from corporate taxation towards personal income and value-added taxes. At the same time, the share of tax revenues in gross domestic product was reduced from 33.9% in 1988 to 20.6% in 1997.

From the point of view of the labour market, personal income tax is the most important type of taxation. Personal income tax was introduced in 1988 and, since then, several changes have been introduced into the system. One of the most important changes was the reduction of the tax brackets. However, these did not correspond to the rate of inflation so that average taxation rates increased from 14.43% to 22.6% in 1996. The other changes were designed to simplify the system and to eliminate allowances which could be used for tax evasion.

Finally, we have to mention that payroll taxes are very high in Hungary so that there is a large gap between gross payments by the firm and net receipts by employees. For instance, in 1996, if an employee received HUF 100 as earnings from the firm, the employer was obliged to transfer HUF

47.5 as payroll taxes (social security contribution and unemployment insurance contribution) and the average employee had to pay HUF 34.1 personal income tax (the average tax rate is 22.6%) and an individual social security contribution (11.5%). Therefore, the employee received only 44.7% (HUF 65.9) of the total wage cost of the firm (147.5 HUF). This extremely high rate of payroll taxation clearly gives an incentive to black employment and tax evasion.

In general, the high level of payroll taxation (personal income taxes and social security contributions) has many discouraging impacts on the Hungarian economy. The most important are the lower level of job creation and higher incentives for involvement in the black economy. Recently, a flat-rate health care contribution has also been introduced, which makes the hiring of low-skilled workers and beginners particularly expensive for employers. However, there is pressure from the central budget to keep tax and social security revenues at current levels, because the ageing of the population requires increasing social expenditure.

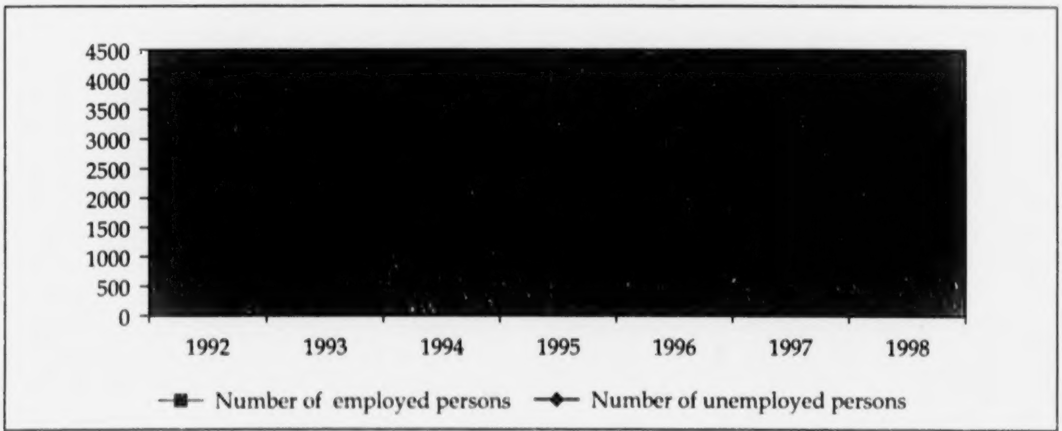
1.5 The labour market

1.5.1 General trends in employment

(see the detailed tables in Annex 4)

The most crucial problem in the Hungarian labour market is the low labour force participation rate, which means that the employed population has to finance a rather large inactive population. This is possible only with high redistribution, hence high taxation and social security contributions. However, this increases labour costs and leads to a decrease in investment, job creation and economic growth. From the social point of view, citizens outside the labour force receive either pensions or some type of social income, both of which indicate that they are located at the lower end of the income scale. Therefore, low labour force participation also implies a higher incidence of poverty. A third negative consequence of the low labour force participation is that people who are driven out of the labour market may look for jobs in the black economy.

Chart 1.4 Employment and unemployment 1992-1998



A solution to this problem would require a complex package of:

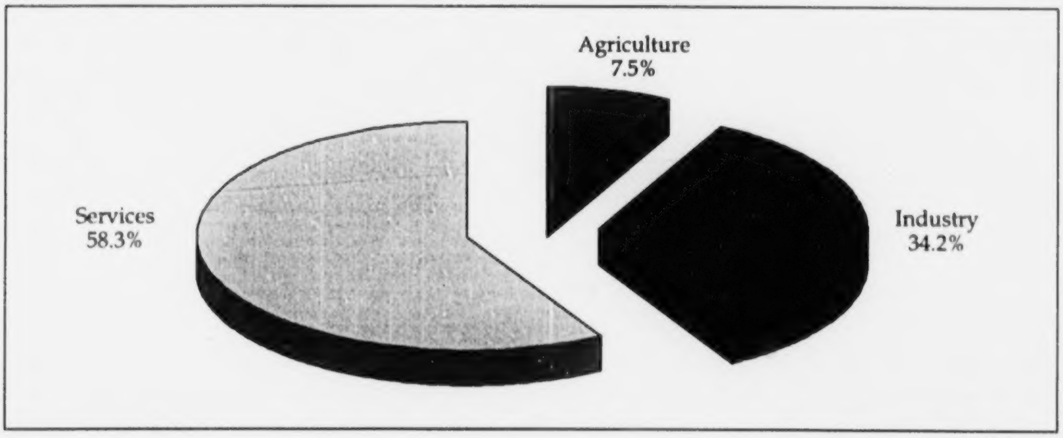
- providing incentives to job creation by lowering payroll taxation;
- improving the programmes targeting the long-term unemployed;
- channelling black economy activities into the legal sphere; and
- regional development policy measures.

The breakdown of employment by gender follows the general trend. Although there are more women than men within the relevant age groups, more men than women are employed. In the first half of the 1990s, the proportion of employed women began to decease gradually. This trend was reversed in 1998, when the share of women in the labour market reached a level of 44.8%. In the case of men, an inverse trend can be observed. In the 1990s, there was a continuous increase up to 1997 and, in 1998, a slight reduction occurred which left the level at 55.2%. Gender imbalance in participation rates is related to the temporary inactivity of women staying at home for child care purposes and the lower retirement age of women. Only a small number of the retired women were willing to pursue further employment.

In terms of age, 70% of the employed belonged to the 25-54 age group. Until 1998, there was a continuous reduction in the employment rate for all age groups but, from 1998 on, a gradual increase can be observed. The only exceptions are the 15-24 age group, where the increase was already evident in 1997, and the 40-59 age group, where there was no increase in the number of employed, even in 1998. The fall-off in the participation rates of the age groups over 55 has caused material shortages in the employment field. The proportion of the employed from age groups who are over the employment age is less than 0.5% of the age groups in question.

In terms of the three main sectors in the economy, the proportion of the employed in agriculture has declined significantly. In 1992, 11.3% of all the employed worked in agriculture. By 1998, this has decreased to 7.5%. There was also a trend towards a decrease in the proportion employed in the industrial sector throughout the 1990s, with the exception of 1994. From 1998, however, a slight increase can be observed. This is due, mostly, to the new jobs created in the sector by the continuous inflow of foreign direct investment. Currently, 34.2%of all employed persons work in the industrial sector. There was a gradual increase in the proportion employed in the service sector from 1992, but this was reversed in 1998 when the proportion fell, by 0.7%, from the 59% share registered in the preceding year.

Chart 1.5 Employment by sector, 1998



Although foreign direct investment still favours, mainly, the Transdanubian region, many firms have decided to set up in the most disadvantaged regions. In 1998, ten out of 24 large, new international investments were launched in regions to the East of the Danube and five of these were located in the Northern Hungary region. The rate of employment continued to be the highest in Central Hungary and in the Central and Western Transdanubian regions where the rate varies from 50.3% to 54.5%. In 1998, the lowest employment rates were registered in Northern Hungary (40.1%) and the Northern Great Plain (41.6%).

1.5.2 *Demand and supply on the labour market*

It is a well known fact that the difference between the supply and demand of labour depends on the specific demands of the economy and the availability of corresponding skills in the labour market. Meeting the labour demands of companies requires intensive involvement by the labour offices. Labour market analysts report that hiring via advertisements and competitive applications increased to some extent, but most enterprises use the services of the state labour centres to find new employees. Most jobs are still found on the basis of personal connections and other information, such as advertisements. Some placements are made through private labour centres.

The increase in registered demand can be attributed to the stabilisation of the economy and the emergence of new skill requirements. The number of reported vacancies has been increasing for years but, even so, they offer jobs only to 10-12% of the unemployed. Most of the demand is for skilled people. Some 86-89% of all demand is for blue-collar workers. Naturally, the demand for labour tends to vary considerably between counties and regions.

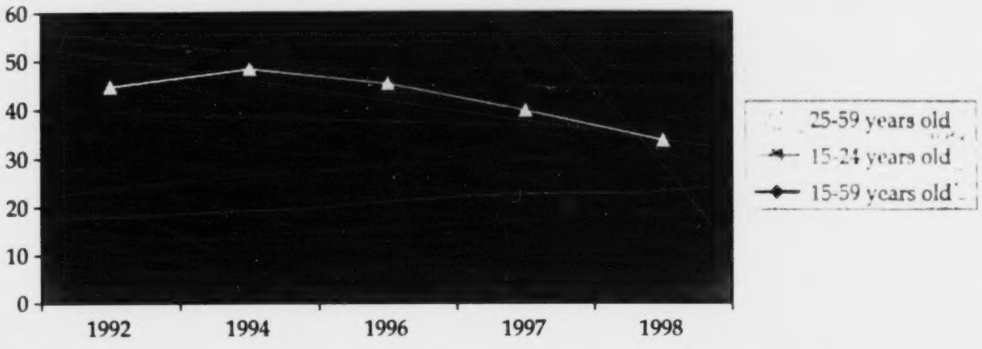
1.5.3 *General trends in unemployment*

By 1998, the factors that had hitherto caused the increase in unemployment, such as mass redundancies due to bankruptcies and liquidations, had come to an end and the restructuring of companies was, largely, completed. The new unemployed were, typically, workers who were laid off by firms that were sensitive to economic recession. The links between the world market and Hungary became more visible, in terms both of strategic redundancies by large international firms and of the increased use of labour-saving technology. According to the International Labour Organisation measurement system, the unemployment rate declined continuously, by a total of 124,700 persons, between 1992 and 1998, when the rate of unemployment was 7.5%.

With the exception of the over 60 age group, the unemployment rate of women was lower in every age group than that of men. From 1994 on, the proportion of women in the unemployed 15-59 age group gradually decreased, while an increase in the proportion of women in the unemployed 60-74 age group was already evident in 1998. The lower rate of unemployment among women is closely related to their lower labour force participation rate and also to the fact that they do not have the option of part-time work, which would probably encourage them to return to the labour market.

There is an inverse relationship between unemployment rates and age. The youngest, i.e., the 15-19, age group has the highest unemployment rate. This is due, mainly, to the fact that the number of people in this age group who are not yet participants in the labour market is extremely high. The situation is similar in the 20-24 age group. In this age group the unemployment rate is only about half that of the 15-19 years old age group but is, nevertheless, well above the average rate. The two age groups made up 13.3% of the unemployed in 1998.

Chart 1.6 *The unemployment rate by age group, 1992-1998*

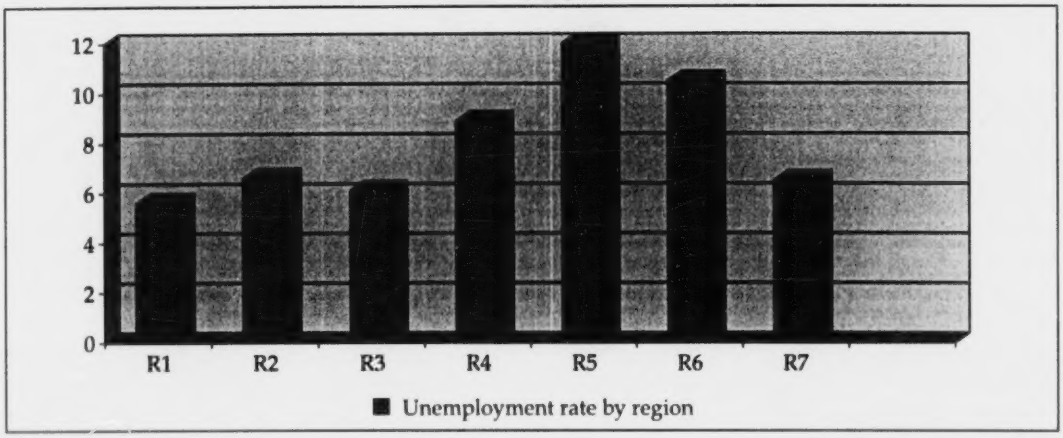


In general, demand on the labour market tends to be for the more skilled. Most of the unemployed are people with low skills; three-quarters have completed a maximum of 8 years of primary school or vocational school. Unemployment among those who have some vocational schooling, which had been on the increase, began to decrease in 1997. Since 1993, there has been a clear reduction in unemployment among young people graduating from a vocational training institute, a vocational secondary school or a general secondary school. In 1998, the rate of unemployment for this group was 11.7%. The trends among those graduating from vocational training institutes, vocational secondary schools or general secondary schools are quite similar. The rate of unemployment was, of course, lowest among graduates from higher education institutions. This was 1.9% in 1998. The general trend towards a decrease in unemployment, which started in 1993, can also be observed for this segment of the population.

Among the unemployed, the proportion of those who had been employed in the agriculture and industry sectors decreased, while the number of people laid off in the service sector was increased. In terms of absolute numbers, unemployment was reduced in all three key sectors of the national economy: by 31.6% in agriculture, 15.2% in industry and 6.9% in the services sector.

There are marked regional variations in unemployment in the Hungarian labour market. The highest rates of unemployment are in the northern and north-eastern parts of the country while in the capital and in the Northern- and Western-Transdanubian regions, the labour market situation is considerably better. The level of unemployment has decreased in all regions but the gap between the unemployment rates of the best and the worst regions has increased.

Chart 1.7 The unemployment rate by region



Most of the long-term or permanently unemployed do not have the skills required by employers. If employers believe they can get better skilled people via the labour offices, they are prepared to go through the labour offices process rather than hire those with lesser skills who may be immediately available. Since 1998, the time spent on looking for employment has decreased along with the reduction in unemployment.

The proportion of people finding jobs within six months of becoming unemployed decreased continuously from 1992 until 1997. It increased slightly in 1997 and decreased again slightly in 1998. A similar phenomenon occurred among those finding jobs in the period between 6 and 12 months after becoming unemployed. The increase in this category started in 1997 and continued in 1998. The unemployment rate of those who have been seeking jobs for over a year increased up to 1997 and then decreased slightly. Nevertheless, people in this category still make up more than half of those seeking jobs.

1.5.4 Youth unemployment

The level of unemployment among young people has not improved despite a continuous reduction in the birth rate, economic growth and the special programmes introduced over the years. The youth unemployment rate is double of that of older workers. However, with the fall in the overall rate of unemployment in Hungary, the rate of unemployment among young people has also decreased since 1994. Over three-quarters of the young unemployed are at the start of their careers. The number of the young unemployed is reduced by the fact that some 10% of them go back into the education system, 4-5% of the young men join the army and about the same percentage of young women become mothers.

Graduates from universities or colleges have the best chance of employment but those graduating from vocational or general secondary schools also have a good chance. About half of the young people who have vocational skills, some 30% of those with 8 grades of primary education and only about 20% of those with less than 8 grades of primary school find jobs.

1.5.5 Wages

The economic changes of recent years have had a powerful effect on wages and income. The most significant characteristics of the wage structure in Hungary and of the way it has evolved during the transition period are: declining real, net wages and rising inequality.

The relatively high level of real wages of the previous regime were not sustainable in the transition period. Net real wages fell steadily between 1989 and 1993, though gross earnings were, in fact, rather stable before 1994. In 1994, for the first time since the transition, there was an increase in real wages. However, this was due more to the forthcoming elections than to an improvement in the economic situation. Moreover, the "election budget" of 1994 led the country to a financial crisis which was followed by restrictive budgetary and monetary measures. The effect of these measures can be seen in the sharp decline in wages over 1995 and 1996. Since 1996, real wages have been increasing again, this time on the basis of steady economic growth. In 1998, real net earnings grew by 3.6%.

The 1990s were also characterised by increasing wage differentials, based on various factors such as occupation, sector and branch of the economy, region, gender and education background.

First, there was an increase in the difference between the wages of blue- and white-collar workers. This increase was greater in the private sector, where these differences were already marked.

Differences in income among the different branches of the economy also increased in the past year. Typically, income grew most in the best-paying branches such as financial services, real estate and the chemical industry.

Recently, the government has adopted a rather restrictive policy on wage increases in the public sector and the wage gap between the private and public sectors has increased significantly, especially in those professions requiring higher skills. Similar patterns can be observed in the education and public administration sectors. The result is a "brain drain" from the public sector. Some institutions, where competition for staff is very high, e.g., ministries and the National Bank, are using different techniques, such as bonuses etc., to retain their employees and to compensate them for their loyalty.

The regional differences in wages are not very significant, although wages in Budapest, the metropolitan area and the more developed western part of the country are higher than average.

There are significant differences in the wages of men and women. In 1996, women earned an average of 21.2% less than men.

The wages of employees with low-level vocational training increased by about 12% but the position compared to employees with 8 grades of schooling or less did not change.

On the other hand, the wage gain of secondary school graduates increased from 14% to 18-22%, while the most significant increase of all was in the wages of those with a higher education degree, which rose from 36 to 55-60%.

1.5.6 *Employment policy*

The initial period of the transition (1989-1992) was characterised by the adoption of active employment policy instruments. However, by 1993, the pressure on unemployment policy doubled both because of the increase in the number of unemployed and because of the decrease in financial resources. As a result, employers' and employees' contributions were gradually increased and, at the same time, unemployment benefits became less generous. Active measures were given much less emphasis both because of financial constraints and because the general public was rather sceptical about their impact. However, the decline in the number of unemployed and the problem of long-term unemployment again shifted the focus of labour market policy towards active measures.

Table 1.1 ***Expenditure on active and passive employment measures, 1992-1997, as a percentage of gross domestic product***

[redacted]	1992	1993	1994	1995	1996	1997
Public employment service and administration (a)	0.15	0.15	0.15	0.13	0.11	0.13
Labour market training (b)	0.15	0.23	0.19	0.13	0.08	0.08
Subsidised employment (c)	0.31	0.28	0.27	0.17	0.18	0.23
Unemployment compensation (d)	2.15	2.02	1.07	0.72	0.60	0.46
Early retirement (e)	0.05	0.11	0.15	0.19	0.16	0.17
Total	2.81	2.79	1.83	1.35	1.13	1.07
Of which						
Active measures (a-c)	0.61	0.66	0.61	0.43	0.37	0.44
Passive measures (d-e)	2.21	2.13	1.22	0.92	0.76	0.63

1.5.6.1 Passive labour market measures

The three most important passive instruments are: unemployment benefit, income support and early retirement. While the system of unemployment benefit is more related to earnings (through insurance), the latter two measures are parts of the social assistance scheme.

Unemployment benefit

Unemployment benefit:

- is payable for a maximum of one year;
- is generally at the level of 65% of previous earnings; and
- is payable at minimum and maximum levels which are connected to the level of the minimum old age pension.

The unemployed person is entitled to this benefit if s/he:

- is not entitled to a pension;
- is capable of, and available for, work;
- co-operates with the labour centre, i.e., visits the centre within given time limits and accepts the job offers provided by the centre;
- has made a contribution to the Labour Market Fund for at least 360 days during the last 4 years; and
- is not offered a suitable job by the labour centre

Unemployment benefit has been becoming gradually less generous. In 1993-94, the entitlement period became one year instead of two years. On the other hand, the unemployed are again entitled to the benefit after 180 certified days of work.

Income support

Long-term unemployment is an increasingly serious problem in Hungary. The long-term unemployed, after exhausting their entitlement to unemployment benefit, may receive income support, which is below the minimum unemployment benefit level for two years, depending on level of income. Twenty-five percent of this support is financed by the local government and 75% by the Labour Market Fund. It is important to emphasise that this measure is available only for the long-term unemployed and also differs from general social assistance in that it is financed, mainly, by the Labour Market Fund.

Early retirement

By 1998, 180,000 unemployed people went into early retirement. This was an attractive possibility because it provided a reasonably high income to the unemployed who, partly because of their age, had only a small chance of finding a decent job. Since then, however, the retirement age has been changed and some disincentives to early retirement have been introduced. Since 1998, early retirement has been replaced by pre-retirement unemployment benefit, which amounts to the same as income support and can be seen as a continuation of income support for the unemployed for a maximum of five years before their retirement age.

1.5.6.2 Active labour market measures

The allocation of 90% of the financial resources for active measures is decided at county level. This means that there are significant differences across the counties. Counties with high unemployment allocate most of their resources to wage subsidies, public relief and public work programmes while, in counties where the demand for labour is reasonably high, there is more emphasis on (mainly preventive) training.

Job search

Job search assistance is provided by the local labour centres but the unemployed are not really mobile and are concentrated in regions where not many vacancies are registered and where there are not many new jobs for people with low levels of education. This assistance has, therefore, only a limited impact on the reduction of unemployment.

Training and retraining

Training is financed by the local labour centres. In most cases, it is also organised and carried out at these centres. However, the regional retraining centres and other public and private institutions are increasingly involved in organising and implementing training programmes.

In the last few years, 4-8% of the registered unemployed took part in retraining programmes. This amounts to about one-quarter of the all those who participated in active programmes. The proportion of participants in preventive training is quite small; each year it was below 10%.

Job creation

The most important form of subsidised job creation is the support given to employers to employ the unemployed. This covers from 50 to 100% of the employee's earnings for a maximum of one year and the employer has to maintain the employment for at least twice the length of the subsidised period. Another form of support for job creation is the support given to unemployed people to start their own businesses.

Other schemes exist to give direct support to the creation of new jobs and, especially, to support firms to maintain their workforce in areas where unemployment is already high. This support can take the form of a wage subsidy or the taking over of responsibility for paying social security contributions.

There are two kinds of direct job creation by the State. The first is public relief work, which is organised by local governments and for which 70-80% of the labour costs are covered by active labour policy instruments. In recent years, this has become the most widely used active measure.

The second is a relatively new type of initiative in direct job creation: public works. This involves centrally organised projects, which are compatible with some national objective and require considerable manpower. The biggest project launched so far is the national programme of planting new forests and rehabilitating existing ones. Anti-flood projects are another example of public works which employ a large number of the unemployed.

Industrial policy

Probably the most efficient way of creating employment is an industrial policy which favours new establishments. There are two rather successful models of this policy in operation in Hungary. One is support for "green-field" (typically foreign) investment, mostly in the form of tax reductions. However, this kind of investment activity has a very uneven regional spread and is concentrated around Budapest and the north-western part of the country. The second industrial policy which supports job creation, or rather job maintenance, is the incentives, mainly in the form of preferential loans, provided to the management of state-owned small and medium-sized enterprises to privatise their firms. Although it is claimed that state property was sold out at too low a price, we believe that, in many cases, this was the only way that these companies could survive.

Job creation is a complex area and policy measures to encourage should include:

- providing incentives to job creation by lowering payroll taxation;
- improving programmes targeting the long-term unemployed;
- channelling black economy activities back into the legitimate sphere; and
- regional development policy.

2. Modernisation of vocational education and training

2.1 Organisation of education and training

2.1.1 Type of education and training institutions in Hungary

There are four levels of education in Hungary.

➢ ***Primary school*** **caters for children from the age of six.**

➢ ***General secondary education*** **leads to one of the following certificates:**

- four-year grammar school General Certificate of Secondary Education (*leaving certificate*);
- six-year grammar school General Certificate of Secondary Education; or
- eight-year grammar school General Certificate of Secondary Education.

➢ ***Secondary Vocational Education and Training*** **leads to the following certificates:**

- a Vocational School Certificate, which is issued by vocational schools;
- an apprenticeship school Skilled Worker Certificate[2];
- a secondary vocational school General Certificate of Secondary Education and Skilled Worker Certificate and/or Technician Certificate; and
- a Skilled Worker Certificate from a post-secondary vocational programme.

➢ ***Higher education*** **leads to:**

- a College Diploma; or
- a University Degree.

Table 2.1 Education institutions

Education institution	1990/91	1997/98
Kindergartens	4,718	4,682
Primary schools	3,586	3,750
Vocational schools	109	189
Apprenticeship schools	308	359
Secondary schools	727	989

Source: The Hungarian Statistics Yearbook, 1997

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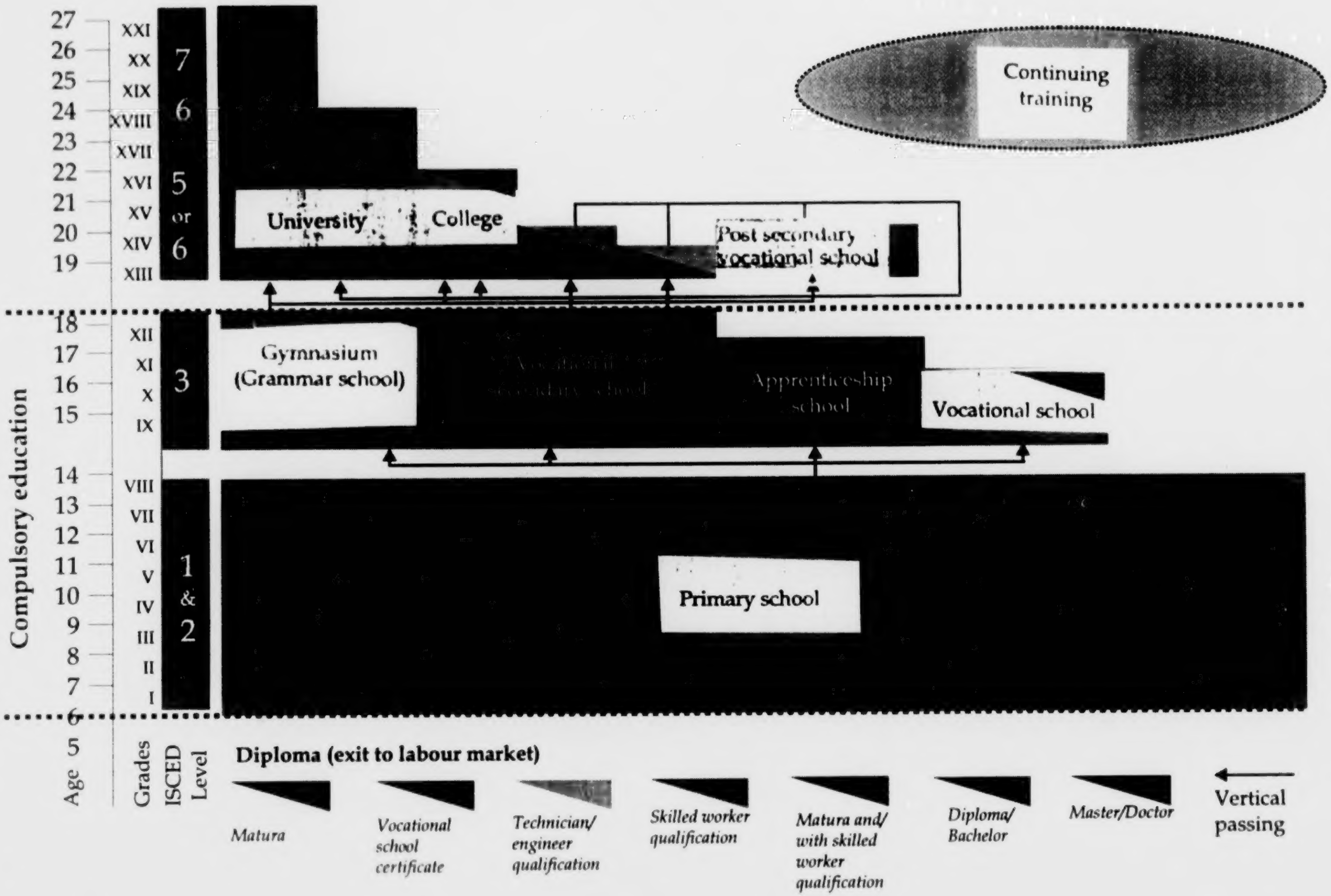
[2] These schools still exist but, since 1998, new courses have not been offered.

Chart 2.1 Present situation (1999) of the Hungarian education system


Continuing training
University
College
Post secondary vocational school
Gymnasium (Grammar school)
Vocational secondary school
Apprenticeship school
Vocational school
Primary school
Compulsory education
Age
Grades
ISCED Level
27 26 25 24 23 22 21 20 19 18 17 16 15 14 13 12 11 10 9 8 7 6 5
XXI XX XIX XVIII XVII XVI XV XIV XIII XII XI X IX VIII VII VI V IV III II I
7
6
5 or 6
3
1 & 2
Diploma (exit to labour market)
Matura
Vocational school certificate
Technician/ engineer qualification
Skilled worker qualification
Matura and/ with skilled worker qualification
Diploma/ Bachelor
Master/Doctor
Vertical passing

This diagram represents the first stage in the ongoing development of a standard graphical model for vocational education and training systems. Future refinement may include the further alignment of terms, student enrolment and dropout figure, and local language terms

2.1.2 *Institutional system*

(see the detailed tables in Annex 5)

Education in primary school and in secondary grammar school are the two most important areas of public education. The conditions governing these areas of education are laid down in the 1993 Act on Public Education and its amendments. Education in primary school and in secondary grammar school are inter-linked in a number of ways in Hungary. In the traditional structure, elementary school is comprised of eight grades and is attended by children between 6 and 14 years of age. Secondary grammar school education is for children between the ages of 14 and 18 and is divided into four grades. It is also possible to complete primary and secondary school education in other structures, such as the 6+6 or 4+8 systems. Primary schools, which provide the institutional setting for compulsory education from the age of six, are to be found throughout the whole of Hungary. Compulsory education, which is being extended from 6-16 years of age to 6-18 years of age for those who enter the system after the adoption of the new regulation, is provided free of charge to all citizens of Hungary. This means that a school providing primary education cannot refuse to admit a child who is resident in its catchment area for any reason. The transfer from primary to secondary grammar school is encouraged by a number of decrees and programmes. Education policy pays particular attention to providing equal opportunities for those living in 'backward' areas.

The key objective of secondary grammar education is preparation for further education in a university or college. Secondary grammar school is completed with a final, matriculation examination for the General Certificate of Secondary Education (leaving certificate), which is a basic prerequisite for entry into higher education.

Students holding the General Certificate of Secondary Education, having successfully passed the entrance examination, may take up studies in higher education institutions. Students who have not succeeded in passing the entrance examination, however, may continue their studies in other schools. In recent years, a number of options have been provided for such young people in vocational education, including two-year training courses leading to a technician's certificate and other forms of *post-secondary* education.

The Ministry of Education pays particular attention to providing equal opportunities, with regard to access to university or college education, for young people living in remote areas. Such young people are accommodated in student hostels. Furthermore, there is a specific state subsidy available to secondary grammar schools that try to foster the development of talented students by organising special classes with specifically developed curricula, with a view to enabling students from small municipalities to compete with their contemporaries from favourable backgrounds in terms of access to good schools. This is part of the 'Arany János Talent Fostering Programme', which was launched in 1999 by the Ministry of Education. The long-term goal of the programme is "to support the development of a highly qualified, creative rural intelligentsia willing to improve their own living environment".

Some 10% of secondary grammar schools in Hungary are launching special catching-up classes in 2000 for a total of 600 students.

One development, which constitutes an important step towards the modernisation of public education, was the creation of the National Basic Curriculum. The current endeavours of the Ministry of Education take account of economic and social development and of technical/professional recommendations based on international practice, particularly practices adopted in the European Union. Substantial efforts are, therefore, being made to develop framework curricula. The development of framework curricula is dominated by the following principles and objectives:

- to ensure uniformity of content and substance in education and training;

- to ensure widespread access;
- to maintain the technical and professional autonomy of schools;
- to ensure comparability of performance; and
- to apply traditional and up-to-date pedagogical principles and values.

It should be noted that the Ministry of Education considers that the agreement of education professionals is a vital prerequisite for the introduction of framework curricula. To this end, some 2,500 questionnaires on the current proposal were sent to teaching staff and school directors (56% and over 30% of the questionnaires, respectively) and to professional organisations. The preparation of the framework curricula is due to be completed by the end of 2000, following final discussions on the proposal.

Vocational education is part of a uniform system and is organically integrated with other areas of public education. Compared to other branches of the education system, vocational education had to cope with the largest workload in the context of the development of the market economy. The history of the 1990s was one of endemic transformation of the system, of necessity, rather than on the basis of systematic reform. It is, indeed, difficult to refer to the "reform of training" in a situation where the entire economic structure of a country was being transformed in a way that resulted in a dramatic contraction of the traditional system of relations between the two sectors. The problems of the early 1990s, however, also showed up the inherent innovative capacity of the Hungarian system of vocational education. The events, experiences, actions and measures of those years culminated in the creation of a financing and legislative framework which also provided a suitable basis for the satisfaction of real requirements so that the sector had stabilised by the second half of the decade.

The institutional system has, of course, also been influenced by the changes. The institutions involved in vocational education in Hungary today are:

- secondary vocational schools;
- apprenticeship schools, which have admitted no new students since 1998;
- vocational schools;
- special vocational schools;
- labour development and training centres; and
- commercial organisations.

A total of almost 1,200 schools provide vocational training in Hungary. Responsibility for these schools and for their maintenance is borne by local governments, churches, legal entities etc.

There is a general shift in emphasis from training which leads to lower vocational qualifications towards those which provide higher qualifications. This process started back in the eighties, with the introduction of the technicians' level, and accelerated during the 1990s. Paradoxically, while almost three-quarters of all students complete their studies at one vocational education and training institutions or another, the secondary grammar school has the highest status of all secondary schools in the opinion of the public. The secondary vocational school was probably introduced to resolve this contradiction. This school normally offers a four-year course for students from 14 to 18 years of age. On the completion of their studies, students are awarded a General Certificate of Secondary Education (a matriculation examination certificate), which enables them to apply for admission to any higher education institution, as well as a certificate of vocational qualification.

As a general principle, there is no practical training during the first two years of vocational education (until students reach their 16th year), but practical training related to vocational orientation may be provided. This can be carried out in vocational secondary schools but not in the three-year apprenticeship schools, which is why a new law to reorganise this part of the system is being introduced. Since 1998, schools can provide training only on the basis of a National Register of Vocational Qualifications and vocational education can start at the 9th or 10th year of schooling. This means that the type of apprenticeship training, which was hitherto available, will be phased out over the next few years.

For a number of occupations, the fifth grade, which leads, in most cases, to a technician's qualification, is an integral part of training in the vocational secondary school. There are quite a number of vocational qualifications, e.g., for mechanical/electronic technician, that require five years of training, on the completion of which students are granted technicians' diplomas.

In international technical literature, *vocational training after secondary education/training* is referred to as post-secondary training. Courses offered by higher education institutions, which aim to provide students with diplomas that are not included in traditional training programmes, fall into this category of training, as do courses organised by institutions of higher education which allow students to acquire vocational qualifications below the university degree level. Courses to provide students with vocational qualifications which are organised by secondary schools, business organisations and chambers are also regarded as post-secondary training.

Courses to provide students with traditional university degrees, including post-graduate degrees, MA, Ph.D. etc., do not qualify as post-secondary training. Neither do preparatory and pre-training courses that do not lead to the acquisition of qualifications.

The area of post-secondary training is covered in Hungary by the Accredited Higher Education in Schools system (Akkreditált Iskolai Rendszerű Felsőfokú Szakképzés (AIFSZ)). This is a relatively new form of training, the legislative framework of which is laid down in Government Decree No 45/1997 (III.12).

The AIFSZ "enables holders of General Certificate of Secondary Education to acquire state recognised vocational qualifications through two-year training programmes in line with the current requirements of the labour market and, by imputing the acquired transfer credits, provides those who complete such training with an opportunity to enter higher education aimed at acquiring a college or university degree".

AIFSZ vocational qualifications are at the 5.B. ISCED level and are included in the National Vocational Qualifications Register, i.e., they are vocational qualifications which are recognised by the State. The courses are focused on practical training and are, in general, of two years duration. They can be provided by higher education institutions and vocational secondary schools that conclude agreements with them. A vocational secondary school cannot launch an AIFSZ training course on its own. The various parts of the course have credit points, which the higher education institution that has concluded an agreement with the vocational secondary school organising the training is obliged to recognise if a student, who has completed the post-secondary course, goes on to study in that higher education institution. The training has a modular structure and includes modules on basic education, mandatory vocational modules and optional modules. The development of the AIFSZ courses was assisted in Hungary by the Phare programme. It is also regarded as a positive achievement, however, that many courses include AIFSZ materials that have been developed without support from Phare.

2.1.3 *Qualification structure*

It is not possible to describe the system of vocational education in Hungary without touching on the contents and structure of the National Register of Vocational Qualifications (*Országos Képzési Jegyzék, OKJ*).

The legal background was established by Decree No 7/1993 (XII.30), which was issued by the Minister for Education in agreement with the line ministries (see the detailed tables in Annex 6) in charge of the various vocational qualifications and which has been amended several times since. The general rules and procedures governing vocational qualification examinations, a system which is closely co-ordinated with the system of education and training, is regulated by Decree No 10/1993 (XII.30), which has also been modified several times.

The register is issued by the minister in charge of vocational training - until 1998, the Minister for Labour and, since then, the Minister for Education - each year or as required by current changes.

The first version of the register was compiled in 1993 on the basis of a tripartite agreement in professional/occupational committees comprised of representatives of employers, employees and government organs. Since its completion, proposals on how the register should be maintained, i.e., through the addition, modification or deletion of vocational qualifications, have been put forward by a number of bodies. This task is currently carried out by the Qualification Subcommittee of the National Council of Vocational Qualifications (Országos Szakképzési Tanács, OSZT). The addition of vocational qualifications to the register is proposed by the line ministry in charge of vocational qualifications. Such proposals are discussed by the Qualification Subcommittee and then the Council makes its own proposal which is submitted for approval to the Minister for Education. The work associated with the preparation of the decisions of the Qualification Subcommittee is carried out by representatives of the social partners (organisations of employers and employees), chambers of industry, line ministries and local governments.

The National Vocational Qualification Register organises state-recognised vocational qualifications and specifies their key characteristics.

The typical jobs that can be performed by holders of qualifications are listed in the Uniform Classification System of Occupations, (the abbreviation in Hungarian is FEOR). The Uniform Classification System of Occupations is put together and published by the Central Statistics Office. This classification allows the distribution of the workforce into different occupations to be monitored. The list currently in use was published in 1994. In addition to classifying occupations, the National Register of Vocational Qualifications provides the Uniform Classification System of Occupations identification code for each occupation. If the appropriate data on employment and the economy are available, then the National Register of Vocational Qualifications and the Uniform Classification System of Occupations make it possible to assess the extent to which the structure of vocational qualifications is in line with the requirements of the economy.

The fundamental structure of the National Register of Vocational Qualifications is prescribed in the Act on Vocational Education and Training, according to which the Register should include information on:

- the level of vocational qualifications;
- the organisation of training;
- the duration of training;
- the relative weight given to theoretical and practical training; and
- requirement for entry into training.

To ensure international comparability of the training levels and the areas covered, the International Standard Classification of Education, ISCED, was adapted to the Hungarian system and conditions in 1996.

Annual data from the lists and a comparison of these with data and conclusions from previous years are an important source of information on the development of vocational education.

The latest version of the list of occupations, which covers a total of 951 vocational qualifications, was issued in 1999. The list has been issued since 1993 almost every year. The number of vocational qualifications included in the different years is shown in Table 2.2.

Table 2.2 The number of qualifications included in the National Register of Vocational Qualifications

Year of issue	Number of vocational qualifications
1993	955
1995	896
1996	933
1997	973
1998	950
1999	951
2000	932

Based on the National Register of Vocational Qualifications, the line ministries in charge of vocational training issued the technical/professional and examination requirements for vocational qualifications. This was followed by the development of a standard, central curriculum for each vocational qualification covered by the school system. Since 1998, training provided in the school system must lead to the acquisition of qualifications listed in the National Register of Vocational Qualifications.

2.1.3.1 *The introduction of the National Register of Vocational Qualifications*

It was not possible to launch training for new qualifications immediately after the publication of the first National Register of Vocational Qualifications, as the technical/professional and examination requirements for each qualification, based on a single, uniform set of criteria, had first to be developed. This was completed by most of the line ministries by 1995, when vocational training based on the National Register of Vocational Qualifications was launched in the school system.

The development of central curricula, on the basis of agreed requirements for the different occupations, was an essential prerequisite for the launching of vocational training in the school system. These curricula were developed between 1996 and 1998 so that some training institutions were able to launch training based on the National Register of Vocational Qualifications even before the statutory date for the mandatory introduction of the new system, 1 September 1998.

The system provides for the supply of a skilled and qualified workforce whose qualifications are based on new requirements, which are decided, not on an *ad hoc* basis, but in the context of a well thought out and well grounded process, supported by the necessary documentation.

Programmes based on the National Register of Vocational Qualifications are to be launched even in the area of post-secondary education (Accredited Higher Education in Schools, AIFSZ). Because of the specific features of the system, training proposed for this sector will have to go through two procedures before it is launched: the programme must be approved through the accreditation process; and the process of introducing the qualification to which the training leads into the National Register of Vocational Qualifications must be initiated. The training programme must be submitted to, and approved by, the Hungarian Accreditation Committee and the applicant must contact the ministry in charge of the given area, with a view to having the qualification included in the National Register of Vocational Qualifications. The ministry will, at the same time, also issue a position statement on the possibility of issuing technical/professional and examination requirements.

The procedure for launching a programme can be started once the accreditation process is complete. Any higher education institution and any secondary school, which concludes an agreement with a higher education institution and can provide the necessary training conditions and requisites, can initiate the process.

2.2 *Main features of the vocational education and training system*

2.2.1 *General characteristics*

The degree to which it satisfies the expectations of the labour market is regarded by experts as the most important factor to be considered in assessing the training system or, more specifically, the vocational training system of a country. Although there is no doubt that this is one of the most essential aspects, assessing a system on the basis of this criterion alone would lead to a substantial narrowing of the role of vocational training in the life of society. General education continues to be the primary purpose of vocational training in the school system. This is evident if one takes into account the fact that secondary school is the institution attended by young people during the years of transition from childhood to adulthood. Vocational training in the school system continues to focus on the student or the apprentice. Table 2.2 looks at the distribution among the different education institutions of young people whose education had to be provided for even during the changing political and economic environment of the 1990s. The table also shows the contribution of the various churches and private organisations to education in this period.

Table 2.3 Full-time students

Institution	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98
Kindergarten	393,238	397,153	396,184	399,339	394,327	383,486
■ church	1,539	2,013	2,650	3,290	3,947	4,236
■ private	964	1,794	4,951	5,573	5,986	5,905
Primary school	1,044,164	1,000,941	985,291	974,806	965,998	963,997
■ church	11,260	19,449	23,315	28,695	32,690	37,044
■ private	2,500	2,507	3,299	4,126	6,353	6,718
Grammar school	136,729	138,198	140,341	140,884	140,867	141,402
■ church	8,905	10,992	13,277	13,892	15,520	16,704
■ private	1,125	1,512	2,110	2,192	2,276	2,704
Vocational secondary school	186,225	192,388	196,965	208,415	220,528	227,243
■ church	901	983	897	1,365	1,633	2,442
■ private	1,278	3,134	5,404	8,383	10,202	11,395
Apprenticeship school	188,570	174,187	163,330	154,294	143,846	132,637
■ church	147	211	152	514	597	628
■ private	952	1,006	1,547	1,886	3,001	3,155
Vocational school	23,257	24,672	22,421	18,305	14,561	11,274
■ church	27	295	1,095	576	587	662
■ private	1,107	1,099	1,044	1,136	764	1,392
Special disabled education	39,873	40,940	41,696	42,629	43,101	43,552
■ church	105	145	185	213	150	177
■ private	264	457	484	591	575	669

Source: Education-vocational training 1988-1997

Data sources: National Programme for Statistical Data Collection, carried out on the basis of a Government Regulation, in accordance with the Act on Statistics.

It is clear that the number of children completing primary school and entering the secondary education system has been declining every year. This is in line with the general decline in the population. It is especially important to note that, in 1997/1998, the number of students in secondary grammar schools, 141,000, was about one-third of the total number of young people in the secondary vocational education system. This means most secondary education takes place in institutions other than secondary grammar schools.

2.2.2 *Training institutions*

Over the last decade, the distribution of students also changed substantially in terms of the type of vocational training institution they attended and the areas in which they undertook training. Table 2.3 shows the distribution of students by type of school and by vocational area.

Table 2.4 Number of school-leaving students by type of school and vocational area

Type of school	1990/91	1998/99
Vocational secondary school leading to GCSE		
Industrial, technical	12,800	22,247
Agricultural	2,450	2,786
Economic	5,747	8,788
Commerce, catering	2,153	4,421
Health	3,020	2,979
Other	2,531	2,709
Total:	28,701	43,930
Vocational school leading to a vocational qualification		
Typist, stenographer training schools	2,083	475
Medical vocational school	1,292	240
Other vocational school	0	3,280
Total:	3,375	3,995
Apprenticeship school		
Industry, construction	39,630	27,763
Agriculture	2,232	1,868
Commerce	6,636	5,672
Other	3,060	3,568
Total:	51,558	38,871

It should be noted, that the percentages attending apprenticeship schools and vocational secondary schools has been reversed almost completely, at the expense of the former. The main difference between the two types of schools is that those completing vocational secondary school take a general examination of secondary education as well as a vocational examination. At the level of society as a whole, this means that the number of young people finishing secondary education with a higher level of general education has been growing.

On the one hand, those completing vocational secondary schools will have more relevant and flexible skills in the labour market than those completing apprenticeship schools. This means, among other things, that these students will find it easier to enter the various forms of training offered by the system of adult training. In addition, their established technical/professional and personal competencies will enable them to find good employment opportunities based on their existing qualifications.

On the other hand, they have an opportunity to continue their studies at university or college. The consequences of this have been observed in the higher education system as well, with the number of students in higher education institutions increasing from 199,000 in 1996 to 258,000 in 1998.

Chart 2.2 Students in different school types, 1990/91 and 1998/99

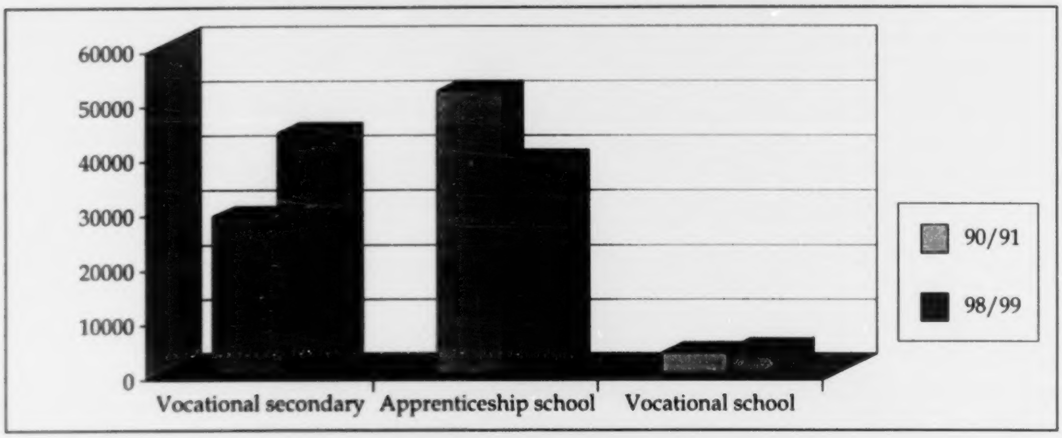


Chart 2.3 Distribution of those completing vocational secondary school, by vocational area

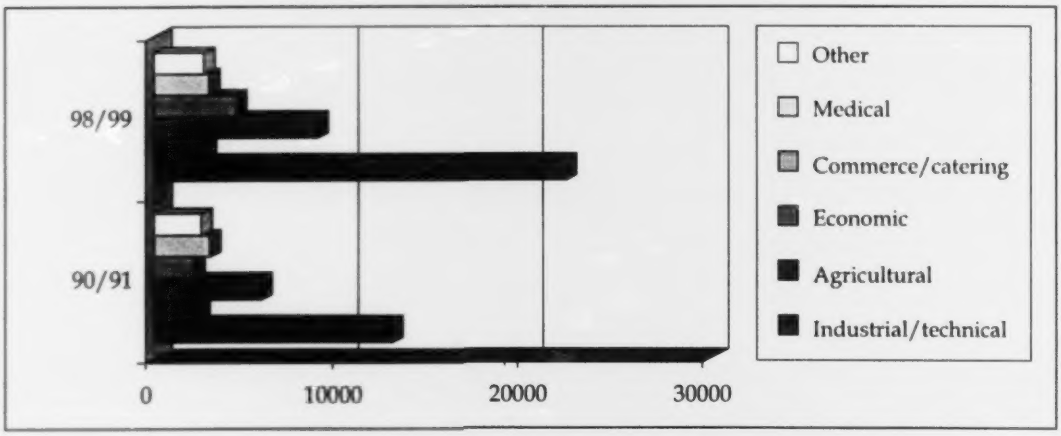
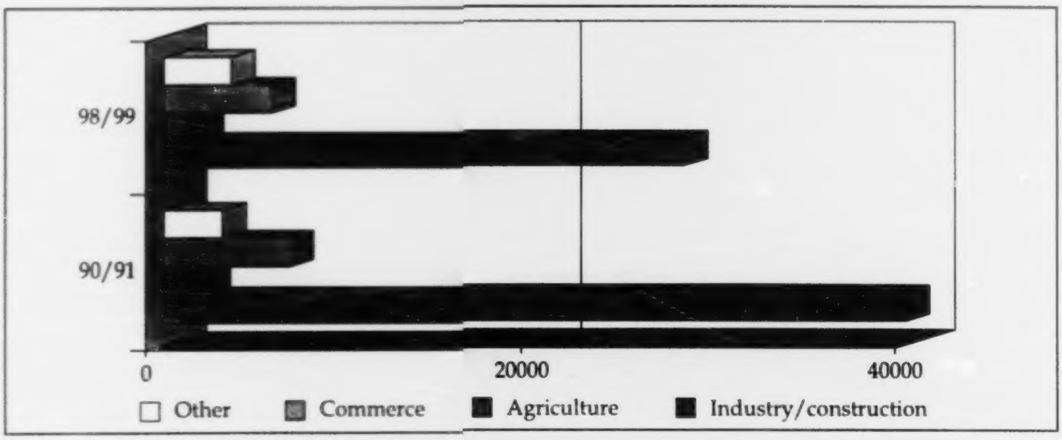


Chart 2.4 Distribution of those completing apprenticeship schools, by vocational area



Furthermore, it should be stated that, as an institution, vocational secondary schools have provided a good solution to the societal requirement of providing opportunities to acquire higher levels of education.

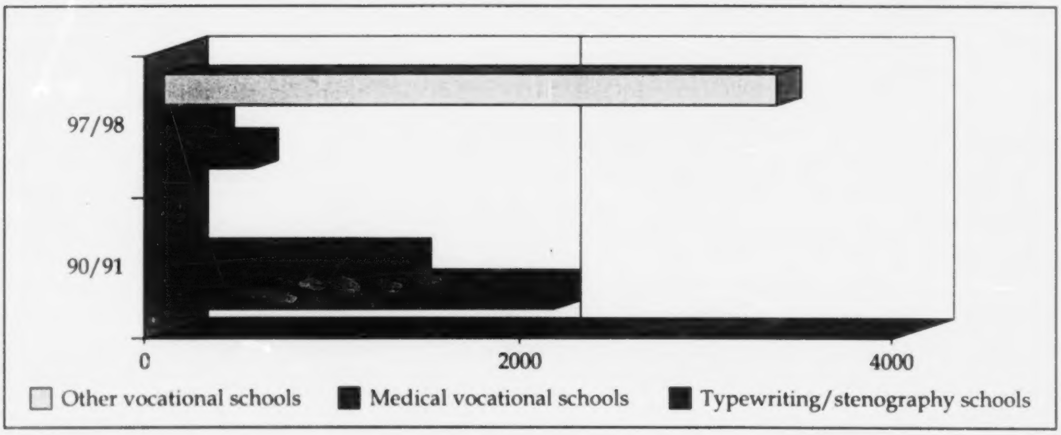
The shift towards forms of schooling that provide a higher level of education is a welcome development, but the importance of the integration of young people who are not so talented or those who are disadvantaged from various perspectives should not be disregarded either. The increase in the dropout rate, which has accompanied the rise in standards in the content of vocational education, is presented in Annex 7[3].

The figures also clearly show how the substantial growth in the number of young people passing the general examination of secondary education has been distributed among the various major areas of study. The number of secondary school students in industrial, technical, economic and commerce/catering schools has increased significantly, while those in vocational secondary schools offering agriculture- and health-related qualifications have declined substantially.

The vocational structure has been transformed fundamentally by the move towards the provision of qualifications included in the National Register of Vocational Qualifications. The largest numbers used to be in typewriting/stenography and medical vocational schools but these have declined very dramatically while the number of students in other, primarily information technology-related, vocational schools has increased significantly.

The biggest structural change has been in the area of skilled worker training, i.e., apprenticeship schools. There has been a shift in the overall proportion of students taking skilled worker examinations but the change in the relative proportions of students in the different occupational groups is even more dramatic.

Chart 2.5 Distribution of those completing vocational school, by vocational area



The changes that took place in the Hungarian system of vocational education and training have, therefore, had to meet social requirements as well as the demands of the labour market. The category of social requirements is made up of two subcategories:

- the desire of parents and students to acquire the highest possible standard of qualifications; and
- the need to ensure that schools reflect and provide for changing preferences in occupational areas, which, in turn, are a reflection of the changes brought about by the restructuring of the economy.

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[3] Those who drop out of school before they acquire a qualification generally fall into a disadvantaged social group and will, therefore, be dealt with in the section on equality of opportunity.

The transformation of the political, economic and social set-up in Hungary entailed a demand for new legislative regulation of education and training and the adoption of a raft of statutes on education in 1993 brought about a radical change in the legal foundations of vocational education and training.

1993 saw the entry into force of:

- the Act on Public Education;
- the Act on Vocational Education and Training;
- the Act on Adult Education.

In 1994, the Act on Chambers was passed.

Each of these acts has been amended several times since.

The Act on Public Education covers education and training in schools, including kindergarten and student hostels, along with other related activities.

The Act on Vocational Education and Training, which was adopted as a separate law, covers all forms of training aimed at providing vocational qualifications, with the exception of training which falls into the higher education sector and training which leads to official qualifications, but which is provided outside the school system, in the transport, communications and waste management sectors. The provisions of the Act are directed at enabling people to acquire the technical/professional knowledge necessary to perform high standard work, rehabilitating disadvantaged people and those with reduced working capabilities and promoting employment and business creation.

The system of financing vocational education and training has also been changed.

2.2.3 *Responsibility for the provision of training*

There are now three major sources of financing for vocational education and training:

- state funding;
- local governmental funding; and
- the Vocational Training Fund, which is comprised of the contributions paid to vocational training by business organisations.

In budget policy, education and training in and outside the school system have been completely separated. The financing of education and training in the school system is regulated by education policy, while labour market training is regulated by employment policy.

The institutional system has also undergone substantial change. In addition to apprenticeship schools and vocational secondary schools providing traditional education and training in the school system, a network of regional labour development and training centres has been established, with the aid of a World Bank loan, to satisfy training requirements on the labour market. The network, which is comprised of nine institutions in eight regions, is capable of providing training and retraining for adults in up-to-date conditions and circumstances, throughout the entire country.

A novel feature in education and training is that, since 1993, it has been possible to have vocational education and training institutions run, not only by local governments, but by churches, individuals, foundations, other legal entities and businesses as well.

The Act on Local Government also contains provisions on the regulation of the maintenance of schools. Under this act, county authorities and the local government of Budapest are given certain responsibilities relating to secondary schools and vocational schools and are obliged to draw up plans on their activities in this area.

In is, however, the Act on Vocational Education and Training that lays down the overall framework for the operation of the vocational education and training system, both inside and outside the school system.

The regulation of vocational education and training in the school system is also covered by the Act on Public Education. Adults and young people can participate equally in this system. It is possible to enter the system for training young people up to the age of 23.

Up to a given age limit, training in the school system is provided free of charge and vocational education and training is free up to the acquisition of two vocational qualifications. Training in the school system is subsidised by the State. Such training may be introduced only if a central curriculum for the vocational qualification in question is available. Vocational education and training must follow these centrally issued curricula, which schools use as a foundations for preparing their education and training programmes.

Training outside the school system may be undertaken only after the age of compulsory education, which is now being changed from 16 to 18 years of age for students entering the system.

The requirements for state-recognised qualifications are the same for qualifications obtained inside and outside the school system.

While the key function of education and training in the school system continues to be to provide initial vocational qualifications for young people in state-recognised occupations, the primary goal of training activities outside the school system is to train and retrain people in the economically active age groups.

This difference between the primary goals of the two main areas of training does not, however, imply any kind of exclusivity. Vocational schools continue to play their traditional role in the continuing vocational training of adults, while commercial training organisations are increasingly involved in providing first jobs for young people who leave the school system without having acquired a vocational qualification.

It follows from the above that the two systems of education and training need to be coordinated and this has been provided for by the relevant regulations. A good example of this coordination is the 1993 ministerial decree on the introduction of the National Register of Vocational Qualifications, which imposes a uniform set of requirements that must be met for the issuing of all state-recognised vocational qualifications. However, if a given vocational qualification can be acquired in the school system, the education and training provided must follow a central programme and curriculum. The new regulation also lays down that, where qualifications for occupations (or groups of occupations), may be acquired in both systems, the contents of curricula, as well as qualification requirements, should be coordinated.

The exclusion of young people is a global phenomenon. It has increased substantially in recent years and has become one of the major problems of contemporary society. Having recognised this problem, Hungary has launched a number of initiatives to counteract it, the most important of which are the development of education and the improvement of chances of employment.

Unemployment is a problem, which used to exist only in latent form but which has emerged in Hungary in the wake of changes in the political and economic system. Unemployment has been especially hard on disadvantaged groups and has given rise to the need to provide special arrangements for this target group, alongside the modernisation of public education and vocational training. A number of alternative training programmes have been prepared for young people from disadvantaged or multiply disadvantaged groups who drop out of the public education system, including measures to help them catch up with their peers, vocational guidance and programmes to help motivation and the development of learning skills.

Equality of opportunity is another relevant problem area. It is very important that each citizen be given equal opportunities throughout his or her lifetime. Young people with disabilities, however, do not really have such equal opportunities. The government aims to address this situation by promoting the rehabilitation of young people with disabilities, primarily through vocational education and training so that the lack of skills does not exclude them from the labour market etc.

2.2.4 *Access to training and provision of equal opportunities*

In the years to come, an increase in the participation of people from disadvantaged groups in training will be an important area of development in the labour market, especially with regard to:

- the Romany population;
- persons with disabilities; and
- persons with low levels of education.

2.2.4.1 *The Romany population*

Data on dropout rates for Romany students show that there has been a certain improvement in recent years, although the differences between the Romany and other segments of the population are substantial. The level of inequality of opportunity has reduced from threefold to double during the last 15 years. The proportion of Romany children who completed the eight classes of primary school has increased by more than 10% in the period being examined. However, even at the beginning of the 1990s, the situation was that, of a given generation of first year students, more children drop out of primary school than successfully complete it.

Among the general population, the decline in the number of students in apprenticeship schools is mirrored by an almost identical increase in the number of students in secondary school. In the case of Romany children, the situation is completely different in that the proportion of children enrolled in secondary schools is also declining. With regard to dropout figures from apprenticeship schools, the situation deteriorated in the eighties as well. The dropout rates of both Romany and other children are now increasing again, which indicates a deterioration either in apprenticeship schools as a type of education or in the quality of students accepted in these schools. However, in the case of Romany children, the decline in numbers is proportionately greater.

2.2.4.2 *People with disabilities*

The tendency to integrate handicapped students into the general system of education has increased in Hungary. The Act on Public Education, which is currently in force, does not have any provisions as to whether handicapped children should be educated in special institutions or along with other students.

Institutions providing training and education for handicapped children and students must fulfil a double function:

- they must prepare their students to meet the requirements specified for all Hungarian schools; and

- they also must provide residential care and rehabilitation facilities during teaching and education.

The distribution of people with disabilities is as follows:

- disabled persons, 40%;
- mentally retarded, 19%;
- people with impaired eyesight, 18%; and
- other deficiencies, 20%.

In the current school year, children with disabilities are distributed in different education institutions as follows:

- 1,191 children are in kindergarten;
- 36,547 attend primary schools; and
- 5,363 attend special schools in which they are prepared for work.

In addition, there were:

- 4,607 handicapped children in special schools;
- 756 in schools preparing mentally disabled young people with medium deficiencies for work; and
- 564 handicapped pupils in secondary institutions (secondary grammar schools, secondary technical schools and vocational institutions).

There are some 200 special pedagogical institutions in the country and 469 primary schools operate a section or a special class for children with disabilities

2.2.4.3 *Persons with low levels of education*

The level of education can increase the level of wages by from 10 to 60%.

Table 2.5 Value of school qualifications in Hungary, %***

Qualification	Relative value of the qualification in terms of increase in earnings (%)***	Marginal rate of return (value of a completed class at different school levels)****
Completed primary school (8 classes)	12.64	–
Completed apprenticeship school (8+3 classes)	19.69	2.35
Completed secondary school (8+4 classes)	32.17	4.88
Completed studies at higher education (12+4 classes)	58.96	6.70

**Regression parameters are related to hourly wages. The impact of gender, age, residential address, local unemployment rate, industrial sector, and Romany or other ethnic group origin has been excluded.*
*** Data calculated on the basis of the September-November wave of ELAR recruitment in 1993*
**** Compared to the reference category which has been omitted from the equation (less than 8 classes of primary school), the value of which is considered zero.*
***** (ßi-ß i-1)/(si-si-1), where ß is the regression parameter of the type of school and the number of all completed classes; i is the given, and (i-1) is the school on the next lowest level.*

Table 2.5 shows that compared to those who have completed from 0 to 7 grades of primary school:

- those who have completed the 8 grades of primary school earn 13% more;
- those who have finished apprenticeship school earn 20% more;
- those who have finished secondary school earn 30% more; and
- those who have completed higher education earn 60% more.

The same can also be seen in the marginal rates of return: in the case of one completed class, the higher the level of school, the more the completion of one class is worth on the labour market.

The chances of employment or unemployment are not independent of school qualifications and the level of attainment achieved impacts on the chances of employment.

Table 2.6 Unemployment rate by educational attainment 1992-1998 (%)

Year	Incomplete primary education	Completed primary education	Apprentice or vocational school	Grammar or other secondary school	College or university degree	Total[1]
1992	17.5	13.9	11.6	7.1	2.7	9.9
1993	27.4	16.4	14.3	8.9	3.0	12.1
1994	25.4	15.6	12.7	7.8	3.1	10.9
1995	26.2	15.2	12.3	7.1	3.0	10.3
1996	31.5	14.6	11.5	7.2	2.7	10.0
1997	31.0	14.2	10.0	5.9	1.8	8.8
1998*	29.2	11.7	8.3	5.9	1.9	7.6

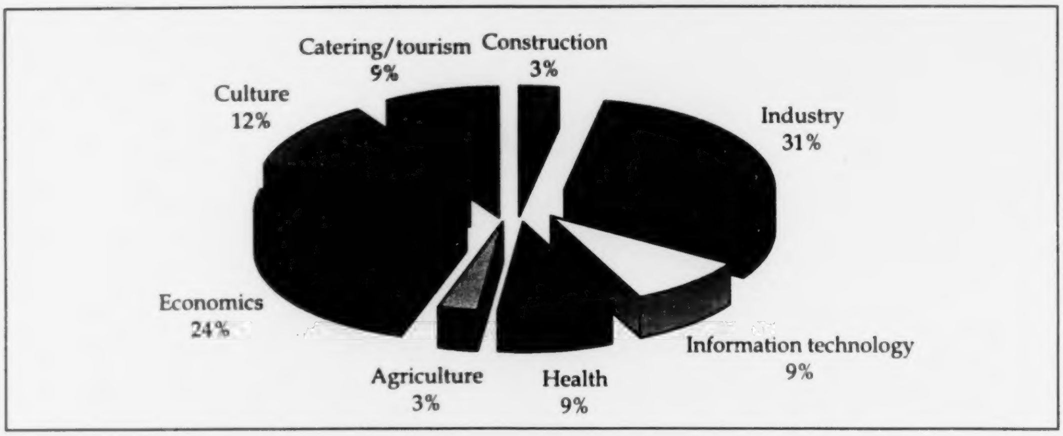
* *The sample of the Labour Force Survey (LFS) has been broadened since 1998, so data are not fully comparable with earlier survey results. Q3 1998*

[1] *In the official Central Statistics Office publications, the figures for total employment are not correct when analysed by educational attainment. Since the problem is not explained, we have to use these figures without fully understanding them. Thus, the total unemployment rates did not coincide with the correct ones.*

Source: Central Statistics Office, Labour Force Survey

Table 2.6 shows that compared to those with higher education the risk of unemployment is approximately 2.5 times as high for those who have completed secondary school, approximately 4 times as high for those who have completed vocational secondary school and approximately 6 times as high for those who have comleted only eight classes of primary school. The equivalent figure for those who have not completed any level of schooling is extremely high (on average 15 times higher than for those with higher education).

Chart 2.6 In Hungary post-secondary education programmes have developed in the various areas of studies



The disadvantages which arise from the inadequacies of the school system, the socio-cultural situation of families and the underdevelopment of *disadvantaged regions have become more pronounced as a result of the change in the political system.*

Current statistics show that disadvantaged young people with a low level of education make up 25-27% of the school population in different school years. Most of those who drop out do so from apprenticeship schools.

2.2.5 *Post-secondary education*

It is important to provide talented young people participating in training with opportunities to expand their vocational skills. The Accredited Higher Education in Schools programme (Akkreditált Iskolai Rendszerň felsőfokú Szakképzés (AIFSZ), which is directed at post-secondary education and was launched in 1998, provides new opportunities in this area.

Although there is little information available as yet on the results of this programme, the accreditation procedures make it possible to identify the vocational areas where this form of training may become a significant factor.

For the most part, post-secondary education is conducted in higher education institutions. The experience so far is that students do not consider the qualification they acquired on the completion of post-secondary education as their 'final qualification'. Rather, they hope to improve their chances of admission to higher education by completing such courses. They see further advantages in the possibility of the recognition of their 'credits' in university training later on.

2.2.6 *Practical training*

One of the key tasks of vocational education and training is to provide practical skills associated with occupational knowledge. The technical/professional and examination requirements of vocational qualifications show that training may be pursued on both theoretical and practical levels.

One of the most important areas of vocational education and training is the work experience which may be gained through practical training. This, however, necessitates considerable material resources, part of which used to be provided by the training workshops of large enterprises.

The need to transform the provision of practical training was underlined by the decline in the number of training places available: among the workshops providing practical training for apprenticeship schools, the number of training shops in companies, outside the school system, dropped by about 50% between 1990 and 1998, as a result of the economic transformation and privatisation.

This necessitated the establishment of new training workshops in schools, the number and capacity of which increased by about 100% between 1990 and 1998.

Table 2.7 The number of practical training units in vocational education and training, 1990/91-1997/98

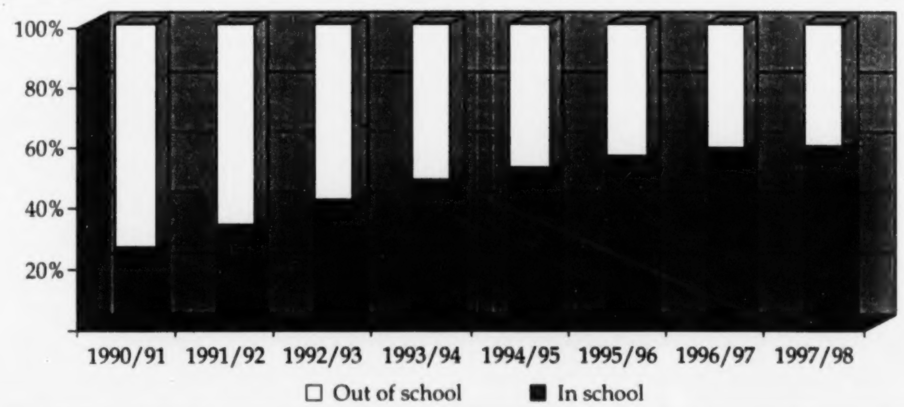
	90/91	**91/92**	**92/93**	**93/94**	**94/95**	**95/96**	**96/97**	**97/98**	**97/98 as a % of 90/91**
In schools	17,885	22,827	28,375	32,269	35,085	36,962	37,170	36,779	205.6
In companies	52,338	46,710	40,607	35,237	32,349	29,045	26,807	25,685	49.1
Total	70,223	69,537	68,982	67,506	67,434	66,007	63,977	62,464	89.0

Source: Vocational Education and Training (Szakképzés és gazdaság), 1997, Ministry of Education

Table 2.8 Distribution of practical training units in vocational education and training 1990/91-1997/98

	Distribution of practical training units in vocational education and training, in school/outside school, 1990/91 - 1997/98, %							
	1990/91	**1991/92**	**1992/93**	**1993/94**	**1994/95**	**1995/96**	**1996/97**	**1997/98**
In the school system	25.47	32.83	41.13	47.80	52.03	56.00	58.10	58.88
Outside the school system	74.53	67.17	58.87	52.20	47.97	44.00	41.90	41.12

Chart 2.7 Distribution of practical training units in vocational education and training 1990/91-1997/98



This change lead to the evolution of a form of vocational education and training that is widespread internationally but that is, at the same time, in line with Hungarian traditions, i.e., a form of training in which companies and schools together contribute to the training of young people.

In the process of transformation, relevance to the economy was one of dominant factors in the development of apprenticeship and vocational schools. The schools provide vocational training for 16 year olds who have already completed their obligatory education. In vocational schools and apprenticeship schools, training is focused on practical training.

The main point of this system is that the State undertakes to provide the requisites for theoretical vocational training. Practical training is a task for business organisations (companies, private employers, entrepreneurs, non-governmental organisations, co-operatives, artisans, traders etc.). This creates a new situation in terms of the legal status of schools, students and business organisations. Accordingly, a system of trainee contracts for vocational training has evolved to cover cases where the practical training is provided by a company. As in the German and the Austrian systems, when a student is admitted to a school under the trainee contract system, the legal relationship required for the acquisition of the vocational qualification is established between the student and the business organisation where the practical training will be provided.

The implementation of this kind of practical training has shown the need for activity orientation and for theoretical training based on work experience.

It is clear from the above that, in accordance with international practices, responsibility for vocational education in Hungary is not the same as for other areas of the public education system. The fundamental reason for this is that vocational education and training is particularly practice-intensive and cannot be provided exclusively by the State i.e., the training institutions.

In the area of education and training in the school system, the State, i.e., the schools, are in charge of the theoretical aspects of vocational education and of the general theoretical subjects. Practical training, however, is part of the responsibilities of business organisations.

Of course, this does not mean that there is no practical training in schools or that every business organisation is obliged to maintain a training workshop. In fact, business organisations may discharge their practical training obligations in various ways:

- by payment of 1.5% of their gross wage costs to the Vocational Training Fund;
- by direct contribution to a vocational school, the amount of which shall be equal to the amount payable to the Vocational Training Fund; and
- by the provision of practical training for students.

The various forms of financial contribution shall be dealt with, in more detail, in the section on the financing of vocational education and training.

Let us review the obligations undertaken by business organisations when providing practical training units for students.

The establishment of practical training units and the admission of students of schools is regulated by co-operation agreements concluded by the business organisation and the school concerned. This legal relationship is established in 90% of cases.

Furthermore, companies may conclude student contracts in order to boost their own supply of labour. According to data supplied by the chambers, the proportion of trainee contracts is about 10% of all contracts and this arrangement is most frequent in the case of traditional trades (bakers, joiners and car mechanics) and in the case of vocations with a short supply of labour (the information technology area).

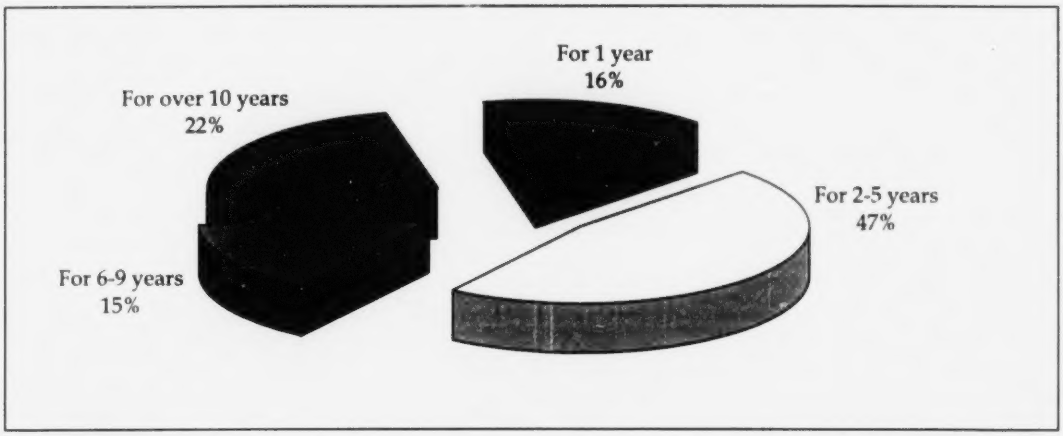
An agreement concluded between a company and a school must specify, among other things, the benefits to be provided to students, labour protection provisions, accident protection, fire protection etc., and the conditions for the admission and employment of trainees. The most critical aspect of co-operation agreements is, usually, the designation of a person to be in charge of training. Chart 2.8, below, shows the distribution of instructors, in terms of qualifications, at the practical training units registered by the Chamber of Commerce and Industry.

Companies are also required to provide the tangible requisites for training, as well as documentation on the progress of training, which is comprised, typically, of the following items:

- labour, accident and fire protection logs;
- trainee work logs;
- technical/professional and examination requirements; and
- training programmes etc.

Despite these tight regulations, the number of practical training units established in companies has almost doubled over the past five years. In 1998 alone, the growth amounted to 15%.

Chart 2.8 Length of time practical training units registered by the Hungarian Chamber of Commerce and Industry have been admitting trainees



Along with the increase in the number of training units, the number of trainee contracts has also been increasing. In the economically more advanced regions of Hungary, for instance, their number almost doubled in 1998 relative to 1997. This may also have a positive influence on the integration of career starters into the labour market.

Clearly, the maintenance of practical training units is a relatively complex task. The maintenance of appropriate quality standards necessitates the establishment of a quality control system. This task is performed by the chambers of economy. In Hungary, there were three chambers of commerce in 1999 and each of them carried out inspections in its own area. The Chamber of Commerce and Industry had to check the conditions under which practical training was provided in the largest number of occupations, a total of 387.

The committee of inspections by the chambers is comprised of one representative of the chamber concerned, one representative of the school and one representative of the company maintaining the practical training unit.

Their responsibility is to control the organisation of production training programmes and the conditions under which training takes place during the school year and in the summer, on the basis of documents supplied earlier.

2.2.7 *Transparency, equivalency and permeability of vocational education and training provision*

In Hungary, the question of the international recognition of vocational qualifications has been developing in concert with the development of European Union legislation, though it is also associated with the requirement of the free movement of labour in Hungary. Quite understandably, before the system changed, there was no point in discussing the effects of the recognition or non-recognition of qualifications on the movement of persons, as restrictions were built into the political framework and was part of everyday social reality.

When the system changed, the legal regulations restricting the movement of Hungarian citizens were eliminated. Today, the international mobility of citizens of Central and Eastern European countries is restricted much more by the readiness or, rather, the unwillingness, of countries with higher living standards to let them enter their labour markets.

As far as Hungary's accession to the European Union is concerned, the question of the free movement of labour is often treated as something of a taboo subject, both in the European Union and in Hungary.

The key concern of the European Union is the potential flooding of its labour markets by highly trained and cheap labour while, in Hungary, the discussion of the theme is more or less avoided because of a justified concern that a restriction on the free movement of labour may be introduced in the final version of the accession agreement as an interim derogation enforced by the European Union, which would further compromise Hungary's competitiveness.

This, perhaps somewhat pessimistic introduction, should not lead to the conclusion that the question of the equivalence of vocational qualifications should not, or need not, be discussed. At the same time, it should be pointed out that developments in this area should be assessed, not from the viewpoint of the mobility of labour, but more as a point of reference which could indicate the directions the development of vocational education and training in Hungary should take in order to turn it into an active participant in the development of the market economy which has evolved in Hungary over the past 10 years.

It should be noted that this issue is also closely associated with questions of the transparency and permeability of the vocational education and training system, which are of immediate concern to each participant in vocational education and training, including parents and students/trainees.

The theme of mutual recognition of vocational qualifications in the European Union has gradually evolved from the objective of official recognition towards the creation of transparency based on the operation of information systems.

This process is now underway in Hungary as well.

2.2.8 *Teachers in vocational education and training*

(more detailed information on teachers is to be found in Annex 8)

In the final analysis, however, the efficiency and success of education and training depends on the work carried out in classrooms and practical training units and the person working there, the instructor or teacher – the pedagogue –, is in a position of considerable responsibility.

In the 1996/1997 and 1997/1998 school years, there was a total of 25,552 and 25,470 teachers at work in Hungary. The student/teacher ratios in the various types of schools in 1997 are presented in the Table 2.9.

Table 2.9 Student/teacher ratios

	Number of teachers	**Number of students**	**Student/ teacher**
Total education	148,988	1,671,811	11.2
Primary school (ISCED 1-2)	89,177	1,001,106	11.2
Upper secondary education (ISCED 3)	40,095	517,816	12.9
Upper secondary education, General (secondary grammar school)	13,451	141,402	10.5
Upper secondary education, Vocational (secondary vocational school, apprenticeship school, vocational school)	26,644	376,414	14.1
Higher education	19,716	152,889	7.8

Source: Hungarian Statistics Yearbook 1997
Data on disabled students are included

Strangely enough, the highest ratio is to be found in vocational education and training despite the fact that this is the most practice-intensive form of education and is where the greatest amount of intensive training is carried out. This unfavourable situation is a result of the low prestige of the occupation of teacher, which is the lowest category among intellectual professions, and of other factors to be detailed below.

Teachers teaching theoretical subjects in vocational education and training are required to hold higher education degrees in the subjects concerned. In technical areas, this means a degree in engineering, in the economic areas, a degree in economics and similar qualifications in other vocational areas. Obviously, teachers of vocational subjects have qualifications that would enable them to get jobs in the productive sector which would provide them with a position in the labour market that is substantially different from that of teachers of general subjects. In addition to vocational qualifications, teachers are also required to have appropriate teaching qualifications, which can be acquired through full-time or post-graduate correspondence courses in a number of higher education institutions. According to the legal regulation introduced in 1993, theoretical subjects in vocational secondary schools can be taught only by teachers who have university degrees, while practical subjects can be taught by teachers who have college degrees. In apprenticeship schools, a college degree was the minimum requirement for the teaching of theoretical subjects and appropriate specialised instructors' qualifications were required for trainers of practical subjects. All teachers and trainers are also required to have appropriate teaching qualifications. The law provided a period of grace for the acquisition of the necessary qualifications.

To understand the background to the legislation, it should be noted that the early years of the decade were marred by a severe economic recession in Hungary and a large number of highly trained professionals transferred from industry, where jobs were terminated by the thousand, to take up teaching activities.

By 1999, however, it became clear that it would not be possible to enforce the law as the trend described above was reversed. With the recovery of the economy, vocational teachers/trainers with qualifications and knowledge accepted by the business sector left teaching for the productive sector, which offers much better wages and where economists, engineers and information technology experts can earn 3-5 times, 4-6 times and 6-8 times more, respectively, than in teaching. Education policy was virtually powerless to reverse the process. The reason for this is that teachers' wages are determined by the wage agreements applied to civil servants and so school principals, as employers, have no means at their disposal to keep abreast of trends in the labour market.

The developments described above led directly to a loosening of the tight regulations that were introduced in 1993. The amendments introduced in 1999 lowered by one degree in general the vocational qualifications required by teachers of vocational subjects in Hungary. The effects of this regulation are highly questionable. On the one hand, it was a disappointment to those teachers who had acquired the academic qualifications during the past five years, as required by the earlier rules. On the other hand, the regulation could lead to a decline in professional standards. Teachers' salaries will need to be reorganised in the near future and some statements on the part of government indicate that it intends to do this. There is little chance, however, of teachers' salaries coming anywhere near the earnings of professionals in the business sector.

The 1996 Act did, however, entail significant changes in the system of continuing training for teachers. It provides that a total of 3% of the education budget each year (HUF 3.5 billion in 1999) is to be used for continuing training for teachers. The law also stipulates that each teacher has to take 120 hours of further training every seven years. Otherwise his or her employment can be terminated at the discretion of the school principal. These continuing training requirements may be met only by completing accredited courses; the post-graduate training courses launched by colleges and universities all qualify as such. In 1997, the government set up a separate institution for accreditation. This form of support, however, covers only promotion within the teaching profession as only training that is closely related to the work of a given teacher may be subsidised from this fund. Other training efforts are financed by the teachers themselves.

By the end of 1999, a total of 1,853 different types of accredited courses in further training for teachers had been registered.

2.3 Adaptation of vocational education and training to labour market and socio-economic change

2.3.1 Vocational education and training and Hungary's accession to the European Union

The accession negotiations were launched in 1998 and, following the opening round in March, Hungary entered two more ministerial rounds. As a result of these negotiations, a total of eight chapters (research and development, education and training, small and medium-sized enterprises, statistics, industry policy, telecommunication, fishing and consumer protection) had been concluded on a temporary basis.

Excerpts from the European Union report of October 1999

"ACCESSION CRITERIA
POLITICAL CRITERIA"

"As has been stated in the previous country report, the institutions guaranteeing democracy and the rule of law have been firmly established in Hungary.

Although there are no severe problems in the situation of minorities, the Hungarian authorities still need to pay special attention to the human rights of members of the Romany minority (which is estimated to be between 400,000 and 600,000). The Romany people are still subject to negative discrimination and prejudice in a wide range of areas in their daily life. They are subject to negative discrimination in education and training, employment, public institutions and the public services. The government has adopted a revised medium-term action plan to improve the living conditions of the Romany people. The ministries concerned are required to specify the amounts to be allocated for the programme as a separate item in their budgets."

"CAPABILITY OF UNDERTAKING COMMITMENTS ENTAILED BY MEMBERSHIP,
INNOVATION"

"The requirements to be met for the acquisition of various professional and vocational diplomas (degrees) are, generally, in line with Community regulations. In 1999, a total of 3,150 students in various Member States of the European Union with the aid of Erasmus scholarships and 2,256 Hungarian young people participated in the programme 'Young People for Europe'. In 1998, 435 Hungarians participated in exchange programmes organised under the Leonardo programme."

The priorities of vocational training policy

In the preceding chapter, detailed information has been presented on the structure and institution of the Hungarian vocational education and training system, the number and distribution of students and teachers as well as the structure of occupations. In addition, a number of aspects of the political, social and economic systems were examined. A general picture on the processes witnessed so far and the direction of development following on from those processes has been presented. Several particular aspects that are not integrally related to other chapters have also been outlined.

2.3.2 *General aspects*[4]

Economic mechanisms and the management of vocational education and training were fundamentally different back in the late 1980s to what they are now. The exclusive role of the State dominated, not only economic conditions and performance levels, but also the whole area of vocational education and training. This is especially true in respect of vocational training in the school system – an area, which was relegated to the backyard of the general education system and was, at the same time, always referred to in terms of slogans and ideological prescriptions – and of adult training, which was handled at the level of particular interests and arrangements. The transition to a market economy – though the changes are far from complete – has fundamentally transformed all our lives, along with education as a whole. This is particularly true of vocational education and training which has changed in terms of training structure and content. In adult training, the growth of the number of students and trainees has been higher than in any other period. This is also true of education in primary schools and can be attributed to changes in school structures resulting in debates on content and in early selection.

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[4] Drawing on *The Market Economy and Vocational Education and Training* (Piacgazdaság és Szakképzés), a study by Dr. András Benedek

Between 1990 and 1993, the structure of employment and recruitment was transformed dramatically. This resulted in a crisis in the practical training component of vocational education and training in the school system. The crisis lasted several years and was resolved only in the middle of the 1990s by the introduction of non-interest bearing loans and restructuring to support the purchase of training workshops. From a narrower, pedagogical point of view, the drop in the number of practical training places caused some disruption in schools, especially apprenticeship schools. From the point of view of transition to the market economy, however, the real problem was the extremely fast reduction of the number of employees and the relatively rapid transformation of the economic structure (often referred to as 'rationalisation').

The 'challenge' that changes in the economic system change posed to the Hungarian workforce was whether their expertise, education and capacity to learn in the broader sense of the term would be sufficient to meet the new requirements of the market economy.

The period between 1994 and 1996 saw the introduction of new statutes on the system of vocational education and training and the regulation of the implementing procedures. These statutes introduced the National Register of Vocational Qualifications, re-organised vocational examinations and transformed the benefit system into an operable scheme that matched the needs of the economy.

In Hungary, the development of human resources, which is one of the priorities of government, is directed at improving the efficiency of the knowledge that is acquired throughout the education system and at ensuring that it is suitable for ongoing modernisation. This reflects the recognition that, more than ever before, the competitiveness of the *economy is determined by knowledge and qualifications.*

The extremely rapid changes in the labour market demand a flexible education system where transferability between the various fields of education and training is fully guaranteed. Thus, it is important to have an integrated government policy on vocational education and training as well as an integral connection between the system of public education and that of higher education.

Vocational education and training which is removed from and is not responsive to the requirements of the labour market can lead to a whole series of problems with regard to the employment of young people and can even generate unemployment, which is contrary to its basic purpose. Training mistakes are rather expensive to correct so it is important that the training system offers training programmes which are adjusted to the requirements of the labour market. Such programmes should not only enable everyone to successfully acquire a basic vocation qualification; they should ensure flexibility by providing retraining for those who need it as well as providing support in finding employment. In school, young people should acquire skills that will enable them to cope with the failures that they are likely to encounter throughout their active lifetimes. They can do this if they learn to adapt themselves to the possibilities that exist and never to act as if their studies are finished for ever.

Between 1990 and 1996, the Hungarian system of vocational education and training got over the crisis in practical training caused by the closure of large enterprises. Financed, partly, by central funds and, partly, by non-interest bearing loans from the Vocational Training Fund, hundreds of training workshops were transferred to schools. Meanwhile, the law on contributions to vocational training and the Vocational Training Fund were also modified. This enabled social partners, employees, employers and the chambers to participate more in decision-making, at both macro-, and micro-levels.

After 1997, following the successful crisis management effort, new priorities came to the fore, including:

- the expansion of adult training into a complex concept of human resource development;
- the increased integration of disadvantaged groups;

- the elaboration and introduction of comprehensive quality assurance systems;
- the application of new technologies in vocational education and training;
- the development and strengthening of vocational orientation programmes;
- the reconstruction of the occupational structure;
- the development of vocational education and training research; and
- the strengthening of the European dimension in Hungarian vocational education and training by means of increasing transparency and developing equivalence.

2.3.3 *Special aspects*

In this section, the following areas, which are key tasks for years to come, shall be explored in more detail:

- key pillars in the international transparency and equivalence of Hungarian vocational education and training;
- the transition from school to working life;
- key objectives in the development of the qualification structure; and
- lessons and experiences drawn from open and distance learning and their future potential in Hungary.

2.3.3.1 *Key pillars in the international transparency and equivalence of vocational education and training in Hungary*

In the period immediately after the system changed, when some Western European countries were more willing to work in partnership, negotiations for equivalency agreements were launched with Germany and Austria. Although negotiations with Germany did not result in an official agreement, nevertheless, they were a forerunner of, and laid down foundations for, the dominant areas of co-operation in the second half of the 1990s. Equivalence agreements were concluded with Austria in respect of 19 vocational qualifications, some of which were new vocational qualifications developed in co-operation by two parties to the agreement.

In the second half of the 1990s, as a response to the international situation, the aim of vocational education and training policy was focused on increasing the transparency of the Hungarian vocational education and training system.

In my opinion, the comparability of vocational education and training systems and of vocational qualifications rest on the three basic pillars.

Pillar 1 Transparency of the qualification structure

The National Register of Vocational Qualifications, which was introduced in 1993, provides a good foundation for developing the transparency of the entire vocational education and training system from the point of view of the structure of occupations. The categorisation of the levels of the state-recognised qualifications, which are listed in the Register according to the ISCED structure, was completed by 1996. This provided for easy comparability of the different levels of vocational qualifications. The National Register of Vocational Qualifications has been continuously modernised and updated since its introduction. The way the Register is being developed continues to strengthen the elements that promote both transparency and permeability.

The development of the Register was given quite an impetus by the urgent requirement to develop central programmes and curricula. This was necessitated by the fact that training based on the National Register of Vocational Qualifications had to be introduced in schools throughout the education system from September 1998 and Decree No 7/1993 (XII.30) of the Ministry of Education stipulated that:

> 'Students may be admitted to vocational training schools for training for vocational qualifications included in the National Register of Vocational Qualifications if the central programmes (curricula) for the prescribed vocational subjects have been issued and the training materials required for theoretical training are available.'

The peak period in the development of central programmes was between 1996 and 1998, which coincided with one of the most intensive periods of international activity calling for the establishment of transparency in vocational qualifications.

Understandably, therefore, the guidelines for the development of central curricula also promoted transparency and permeability in the structure of occupations. These guidelines provide a comprehensive view of the structure of occupations in Hungary because they are the foundation on which the central curricula are built.

Modularity

The modularising of the Hungarian structure of vocations has not been completed though the modular structure to be established within a given vocational qualification has been worked out. Within this, joint modules on basic subject areas have been developed for a number of occupational groups.

There are also modules that may be used in several different groups of occupations. However, the elements necessary for the development of specialist knowledge have yet to be identified and organised into a modular structure in a way that facilitates the rapid updating of curriculum content.

Modularity will promote the international transparency of vocational qualifications most efficiently if it is possible to identify the modules that are most similar, in terms of content or the vocational sub-qualifications they lead to, in the countries involved. The level of knowledge that is provided by a vocational qualification is especially important in this regard.

The principle of competency

In the new curricula and programmes, the emphasis is on the overall practical and theoretical knowledge the participant is expected to have at the end of the course, rather than on subjects or theme groups. For those who are not experts on education - and most employers fall into this category -, this emphasis on competencies may, perhaps, be the most informative, as competencies describe the vocational and personal capabilities of the individual and make it easier to identify the jobs/positions for which a prospective employee may be most suitable.

A competency-based approach to the international comparison of vocational qualifications may be useful even when the vocational education and training systems of the countries being compared are fundamentally different. This may be the case if countries that do not have state-recognised vocational qualifications have to be compared or if the practical expertise of a migrant is to be recognised instead of his/her vocational qualification, as is laid down by the European Union Directive No 42/99.

Length of training

The numbers of training hours for different courses have been established by the National Register of Vocational Qualifications, along with the proportion of training time to be devoted to theoretical and practical training. The specifications laid down in the Register allow for the possibility of scheduling in the organisation of training (e.g., weekly or cyclical organisation) and the timetables that are drawn up on the basis of these specifications can take into account the specific situation of the particular school. The provision of information on how training, particularly practical training, is organised is a key element in the promotion of the transparency of training systems on an international level.

Pillar 2 The question of transparency from the point of view of the institution concerned

The second important requirement for international comparison is an institutional system that is based on a stable and transparent system of relationships.

The term 'institutional system' covers the tasks and competencies of the following organisations:

- public education organisations (ministries);
- training institutions;
- organisations of social partners;
- professional organisations;
- chambers; and
- institutions involved in research, development and service provision.

If the issue of the recognition of qualifications is approached from the viewpoint of the international mobility of labour, the roles undertaken by the social partners, especially business organisations, in the provision of training acquire particular importance.

This is particularly true for practical training, especially for occupations that require a high level of technological knowledge. The authentic certification of experience gained while in the employment of a company that uses high standard technologies in a specific area may provide a better and more reliable foundation for a migrant job seeker than a diploma that proves that s/he has a state-recognised qualification in the same area.

The roles undertaken by business organisations in providing support to vocational training leading to state-recognised vocational qualification are specified by Act LXXVII of 1996. The law stipulates that the business organisations specified in the law are obliged to allocate 1.1%-1.5% of their gross wage costs to the support of vocational education and training. Businesses may discharge their training obligation either by paying the contribution or by organising practical training for students from vocational training schools.

The law provides a good foundation for the closer integration of school and work and, thence, for the transfer of more up-to-date practical knowledge.

In addition to the snapshot of vocational education and training in the school system presented above, an assessment of the Hungarian institutional system should include a more detailed examination of the adult training system.

The current institutional system is not at all suitable as a base reference for the development of adult training since training for adults is provided on a profit-oriented basis, meaning that it is delivered by commercial entities whose cycle of establishment, closing down or transformation is a lot shorter than that of schools. This situation was improved by Decree No 45/1999 (previously 2/1997. ML (I.22.)) of the Ministry of Education which obliges organisations providing adult training to register and to acquire certificates for the pursuance of their activity. At present, there are approximately 1,500 registered training organisations in the country. Over half of these are business corporations.

Pillar 3 Transparency from the point of view of consistent and high quality standards of training

The organisation of examinations in an objective way is one of the key indicators of consistency in the quality of vocational education and training. In Hungary, the same vocational examination requirements are applied in adult training and in vocational education and training in the school system. The standard and appropriateness of a given examination is determined by an examination board, whose members are appointed by the ministry in charge of the vocational qualification or by the institution designated by that ministry, by the economic chambers, by the institution organising the examination and by the training unit. The examinations consist of a written, theoretical component, based on a question paper which is issued centrally and treated confidentially, and oral and practical components to be taken before the panel. This system provides a sufficient guarantee that successful candidates have sufficient knowledge of the curriculum, as laid down in the vocational examination requirements, irrespective of the training institution or its geographical location.

Furthermore, there are very substantial ongoing efforts in Hungary in the area of quality assurance in education and training. These include the establishment, in 1999, of the National Public Education and Examination Centre and its regional offices. The COMENIUS 2000 Quality Assurance Programme, the programme office of which has been set up in the Ministry of Education, is also being implemented.

In 1999, on the basis of a proposal by the National Vocational Education Council and a decision of the Minister for Education, the National Vocational Education Institute was assigned the task, supported by a substantial fund, of developing a quality assurance system for vocational education and training in the school system and for adult training.

With the support of the European Training Foundation, Hungary has joined some European programmes on the development of information systems promoting the transparency of vocational qualifications.

IRL 95/3485 EUROCERT: A programme aimed at helping employers to understand certificates and diplomas

The EUROCERT project was preceded by two other projects.

➢The European Study Module, under the PETRA programme 1993-94

The conclusion from this project was that, in order to create a system of recognition of qualifications, standards need to be developed in co-operation with training programme developers, employers and organisations in charge of examinations.

One of the main obstacles to the mutual recognition of qualifications is the lack of a uniform language to describe the vocational education and training systems of the Member States.

➢Mutual recognition of vocational qualifications 1994-95

In conjunction with this project, a glossary of common terms used to describe the contents of qualifications in the area of the economic/commercial sector was prepared.

Based on the results of these two projects, EUROCERT has identified and defined a system of qualification terms that is applicable in three sectors - economics/commerce, information technology, and travel/tourism - in the partner countries.

The project has resulted in the creation of an insert, which uses the common terminology to describe the qualification, to be included in qualification certificates.

In order to improve the quality of information provision, the participating countries prepare descriptions of their vocational education and training systems and of a number of selected qualifications. This information is intended for publication on the Internet, primarily to provide improved information for employers.

The Hungarian National Observatory, representing Hungary, has joined the project, with the support of the European Training Foundation and the Ministry of Education.

NL 95/3441 NETREF: Network of national reference structures pertaining to vocational qualifications

NETREF is probably one of the most promising projects in the area of developing and applying a methodology to promote transparency. The project is headed and coordinated by the Dutch COLO and, with the exception of Sweden, each Member State is represented by a key organisation. The programme is particularly interesting for Hungary because, since March 1998, the country has been participating in the programme, through the Hungarian National Observatory, as the only non-European Union Member State.

The key objective of the NETREF project is to develop a new decentralised approach to the transparency of vocational qualifications. The participating countries will establish a national reference structure. Together, these reference structures will constitute an international network that will enable all questions pertaining to qualifications, certificates and diplomas obtained in another Member State to be answered and understood.

An innovative working method will be elaborated aimed at the following:

- developing a transnational exchange of information on education and vocational education and training systems and vocational qualifications; and
- promoting the understanding of information on vocational qualifications obtained in another Member State.

The general logic of the project is to establish optimal information flows between local, national and transnational levels so that persons asking for information about the value of a given qualification in the host country can be given fast and reliable information.

In close coordination with the NETREF project, an 'appraisal and analysing' project, NATNET (F95/3742), will also be implemented. This project is developing a conceptual framework for an efficient method which can be applied by NETREF partners as well.

2.3.3.2 *Transition from school to working life*

(see the detailed tables in Annex 9)

Registered unemployed school-leavers

Among the registered unemployed, young persons at the beginning of their career is still a very significant group. As a result of the amendments to the Employment Act of 1 July 1996, which were designed to improve the labour market position of these young people, the use of active employment policy instruments is now favoured and the passive grant system has been abolished. In addition to the earlier labour market instruments, which could also be used by young people at the beginning of their career, new types of subsidy specifically for young people have been developed and introduced and certain services, projects and programmes have been made available to them at labour centres and their sub-offices.

When the law was amended, the definition of the term 'unemployed young people at the beginning of their career' was also changed. In the earlier definition, only those young people who had obtained their secondary or higher qualifications not earlier than 18 months before were included. According to the new definition, the category of people at the beginning of their career has been extended and now includes those young people with 8 classes of primary school or less. Currently, unemployed people at the beginning of their career are people who are under 25 years of age (or 30, in the case of those with higher education). This raising of the age limit means that an unemployed person may remain in the category of people at the beginning of their career providing that s/he has not been employed for 360 days, which is the minimum employment period entitling people to benefits, or more.

Number of registered unemployed school leavers

Unemployed school leavers are a very special group among the registered unemployed. Their number has been fluctuating for years. At the end of the school year, the number of unemployed people at the beginning of their career usually increases rapidly and then decreases. Part of the decrease is due to participation in special programmes and active employment instruments promoting employment and part to the fact that a significant portion of young people leave the labour market temporarily either to study, to undertake military service or to benefit from the child-raising subsidy.

In the last five years, the number of unemployed people at the beginning of their career was lowest in May-June of each year and highest in August and September. Like all the registered unemployed, the highest number of people at the beginning of their career was registered in 1993. Their number reached a peak in September, when 76,800 unemployed people at the beginning of their career were included in the end of month registration in the labour centres. The maximum number of people unemployed at the beginning of their career was lower in the following years and has declined gradually for the past five years. The largest decrease took place in 1996, when the largest number of unemployed school leavers was just over four-fifth the maximum figure for the previous year. In 1999, the pace of decline slowed down and the maximum number of people who were unemployed at the beginning of their career declined to a much lesser extent, i.e., by only 4.2% compared to the highest figure of the previous year. In 1998, the difference between the current year maximum figure and the maximum figure of the previous year also showed a very significant decline of 20% and the maximum number within the year was less than 40,000.

Education levels of unemployed school leavers

Since 1 July 1996, young people who have finished 8 classes of primary school or less are registered as unemployed people at the beginning of their career provided that they meet the other criteria for inclusion in this category. Previously, young people with low levels of education were not included. On the closing date in December 1996, 15.5% of the unemployed people at the beginning of their career had only primary school education. One year later, their ratio had increased by approximately 7%. Thus, in 1997, more than one-fifth of the people unemployed at the beginning of their career were young people with a low level of schooling and without specific training. By the end of 1998, their ratio increased further and exceeded 25% of the total number of people unemployed at the beginning of their career.

At the same time, between 1995 and 1998, the proportion of young people without specific general secondary qualifications also declined. Compared to the peak figure in 1995, their ratio declined by 7.3% in the distribution of the young unemployed, based on school qualifications but excluding those whose highest qualification was primary education. At the end of 1995, almost one-third of those who had finished secondary grammar school were classified as people who were unemployed at the beginning of their career. By the end of 1998, this ratio dropped by just over 10%. The rate of unemployment among people at the beginning of their career varies considerably according to school qualifications. In general, the proportion of people who are unemployed at the beginning of their career is lowest in the groups with the lowest school qualifications. At the end of 1998, among the registered unemployed whose school qualifications were less than 8 classes of primary school, only 3.2% were people who were registered as unemployed at the beginning of their career, while, among those who finished the 8 classes of primary school, it was 4.4% and among those who finished vocational secondary school, it was 6%. These ratios are much higher among people with higher education qualifications. At the end of the period, the average figure was 6.7%.

From a different perspective, we can see that, among the registered unemployed, more than 40% are people with only 8 classes of primary school or less, while among those unemployed at the beginning of their career, those with similar qualifications represent a total of 25%. This also indicates that people classified as unemployed at the beginning of their career are usually from groups with higher school qualifications and, on average, they have higher qualifications than those who are not at the beginning of their career.

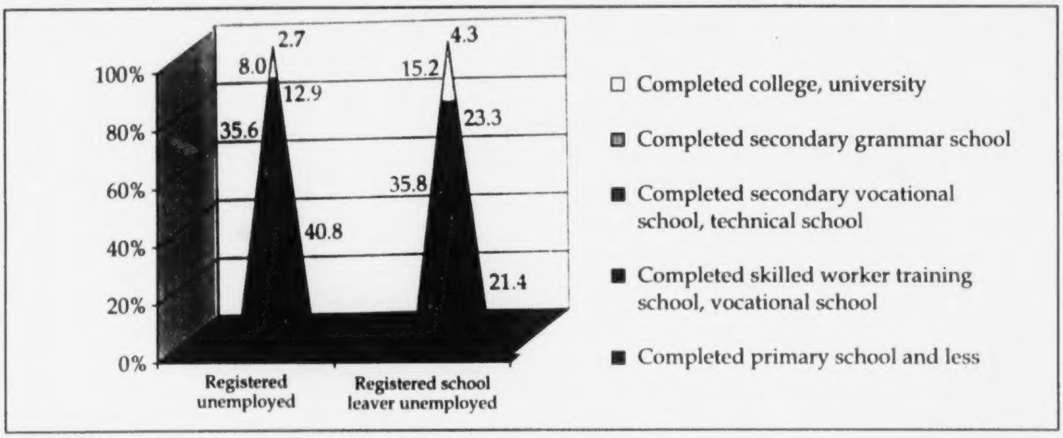
Since the law was amended, the proportion of people with higher education among the registered unemployed at the beginning of their career has increased significantly. Comparative data show that this category nearly doubled during the period following July 1996. No such changes could be found among those who were not classified as being at the beginning of their career. It can be assumed that this increase is related to the change in the definition of people at the beginning of their career and the extension of the age limits that change entailed. At the end of 1998, the proportion of people with higher education was 5.3% of registered unemployed people at the beginning of their career but it falls to only 4% if those with low school qualifications are taken into account.

Table 2.10 ***Number of registered school-leaver unemployed by educational attainment in 1997***

Educational attainment	March	June	September	December
Completed primary school or less	9,179	7,979	8,321	9,382
Completed apprenticeship school or vocational school	16,054	12,085	15,813	15,071
Completed secondary vocational school or technical school	9,039	7,334	13,092	9,541
Completed secondary grammar school	6,214	4,778	8,145	6,174
Completed college, university	1,519	1,051	2,857	1,784
Total	42,005	33,227	48,228	41,952

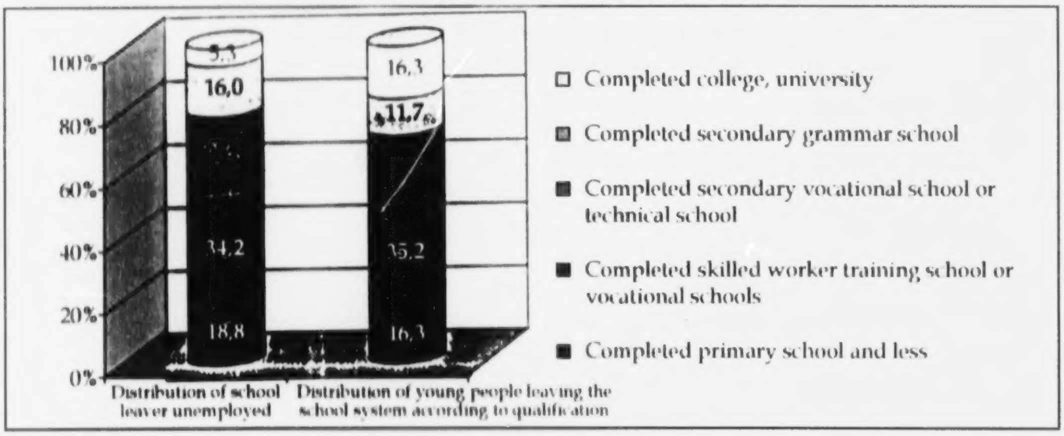
Source: Monthly Reports, National Labour and Methodological Centre

Chart 2.9 The distribution of registered unemployed and registered unemployed school leavers in 1997 (on the basis of the monthly averages of March, June, Sept, Dec)*



**Data concern those who have been registered in labour centres*

Chart 2.10 Distribution of registered unemployed school leavers and young people leaving the school system



The left cylinder shows the distribution of unemployed school leavers. We have calculated the percentages from the number of school leavers unemployed in each month, taking the total numbers as 100 percent. Then we took the average of the percentages for six months (July-December) in each row, i.e., for the different school types. The distribution of unemployed school leavers we got from this calculation is indicated in the left cylinder. Since data between July and December are taken into account, the cylinder shows those unemployed school leavers, who did not find employment in the six months after finishing school in June or who stayed less than six months in their first place of work.

2.3.3.3 *The key objectives of the development of the qualification structure*

Results of the revision of the National Register of Vocational Qualifications

Based on the input criteria, the distribution of occupations shows (with a defined maximum) that the number of vocations that have secondary education as a prerequisite has increased, which, in turn, indicates an increase in the demand for more highly qualified labour. Changes in the numbers of vocational qualifications that require pre-qualifications acquired in the school system are shown in Table 2.11.

Table 2.11 Number of qualifications depending on pre-qualifications acquired in the school system

Years	Pre-qualification				Total
	No pre-qualification	Elementary school	Secondary school	High school	
1993	–	–	–	–	955
1995	27	426	435	8	896
1996	47	412	463	11	933
1997	49	413	472	9	943
1998	49	413	479	9	950
1999	43	407	492	9	951

The total number of vocational qualifications that may be acquired in the school system increased by 5-6% in the period between 1996 and 1999. The figures in Table 2.12 also show that, in most cases, the duration of training is 2 years.

Table 2.12 Training periods laid down in the National Register of Vocational Qualifications

Years	Number of courses							
	0.5 yr	1 yr	1.5 yrs	2 yrs	2.5 yrs	3 yrs	3.5 yrs	Total
1996	57	176	18	335	9	53	2	650
1997	56	173	16	349	10	53	2	659
1998	56	173	16	356	10	53	2	666
1999	57	174	16	366	10	55	2	680
%	8	26	2	54	2	8	0	100

There are not many training courses that last for an odd number of terms (0.5, 1.5, 2.5 or 3.5 years) in Hungary.

The list includes the theoretical and practical training requirements of the given vocational qualifications.

The required percentage of practical training within the training period is determined by content and varies from between 18 and 85 %.

Modernisation of the National Register of Vocational Qualifications

The changes that took place after 1993 necessitated a revision of the National Register of Vocational Qualifications. This was carried out in 1998 and the key outcomes are summarised below.

- The number of vocational qualifications listed in the National Register of Vocational Qualifications is always high. There are over one thousand vocational qualifications and this does not improve transparency.

- A number of vocational qualifications cannot be acquired, or can only be partly acquired, through lifelong learning. This is because training for many of the most widely sought after qualifications is provided in the school system and because training for second, third or further vocational qualifications tends to be based on the assumption that the trainees have already acquired a certain body of knowledge.
- It is difficult to separate vocational qualifications which are aimed at providing further training or retraining from basic qualifications that have similar requirements. It is also difficult to establish a hierarchy of vocational qualifications.
- The revision of the Register does not resolve the vocational education problems of disadvantaged groups.
- Because of the large number of vocational qualifications, it is difficult to update the contents of vocational education and qualifications. Requirements are not homogeneous in terms of contents and structure.

On the basis of the experience accumulated over the period since 1993 and from the 1998 revision, the tasks necessary to modernise the structure of vocational qualifications were identified in 1999 and a government decision on the updating of the National Register of Vocational Qualifications was made.

The analysis of the experience drawn from education and employment in recent years, the conclusions reached and the lessons learnt all indicate that efforts to develop and modernise the Register in the forthcoming period should be focused on the issues of substance and content, if they are to lead to quality improvements. The goals of modernisation may be outlined as follows:

- to develop a structure of occupations that meets the requirements and expectations of the national economy of Hungary, that is in line with Hungary's national characteristics and traditions, whose vocational qualifications are adjusted to those of European Union Member States thereby facilitating the task of ensuring the transparency of vocational qualifications before and after Hungary's accession to the European Union;
- to create a vocational education system that constitutes a coherent system of public education, vocational education and higher education, that enables the development of labour, tradesmen and professionals who can quickly and creatively adapt themselves to the changing economic and labour market conditions by acquiring broad-based vocational qualifications and meets the requirements of individuals who want to participate in lifelong learning processes; and
- to develop and apply a method for the development and recognition of vocational qualifications that is based on a wide social consensus, on the competency of those in charge of the planning and implementation of vocational education and on a precise and fast system of procedures.

The National Institute of Vocational Education is working on modernisation on the basis of these goals.

Changed conditions in the continuing development of the National Register of Vocational Qualifications

As was mentioned above, a number of line ministries have their 'own vocational qualifications'. The line ministries are in charge of developing the contents of these vocational qualifications, while the Ministry of Education is responsible for producing the entire National Register of Vocational Qualifications. This is quite a complicated system and has decelerated the work of the modernisation of the National Register of Vocational Qualifications. However, a significant structural change took place on 1 January 2000, when responsibility for some 460 occupations and vocational qualifications was transferred to the Ministry of Education from the Ministry of Economic Affairs, which had charge of a large number of line ministry qualifications until the end of 1999. The result of this is that about half of all vocational qualifications are now the responsibility of the Ministry of Education, which will help to accelerate the development of the structure and content of the entire register.

2.3.3.4 *Lessons and experiences drawn from open and distance learning and their future potential in Hungary*

The essence of open vocational training is that the material to be learned by participants is contained in different, high standard, information media - printed documents, audio and video cassettes, computer memory units, floppy disks and CDs - and is issued, along with the instructions on how to acquire and check the prescribed knowledge, without any substantial constraints of time or space. Materials used in distance training can also be accessed through different kinds of networks. Over recent years, the methods used in open training and learning have diversified and the training methods falling into this category are being extended to include increasingly diverse means of acquiring knowledge.

The combination and interaction of traditional training elements (scientific and practical knowledge and the application thereof, pedagogical values, cultural contents and background) with industrial types of activities (assessment of demand, resource allocation, working according to plans, economic operations, team work, organised work, quality control, marketing, management and impact assessment) are an important feature of open training. If a wide range of people are given access to up-to-date information technology, these methods can lead to greater equality of opportunity in learning and, on the social level, can facilitate the participation in efficient vocational education and training of a much larger segment of society than is the case today.

The demand for participation in open vocational education and training, which is expressed very clearly in professional publicity recently, also sheds new light on *tele-teaching*. The improvement of vocational mobility among those already present in the labour market and the spread of tele-working, which is suitable for resolving problems of geographical distances, are giving rise to a more urgent demand for tele-teaching. The education system is slow to respond to this demand and its inertia in this regard is counter to its own best interests.

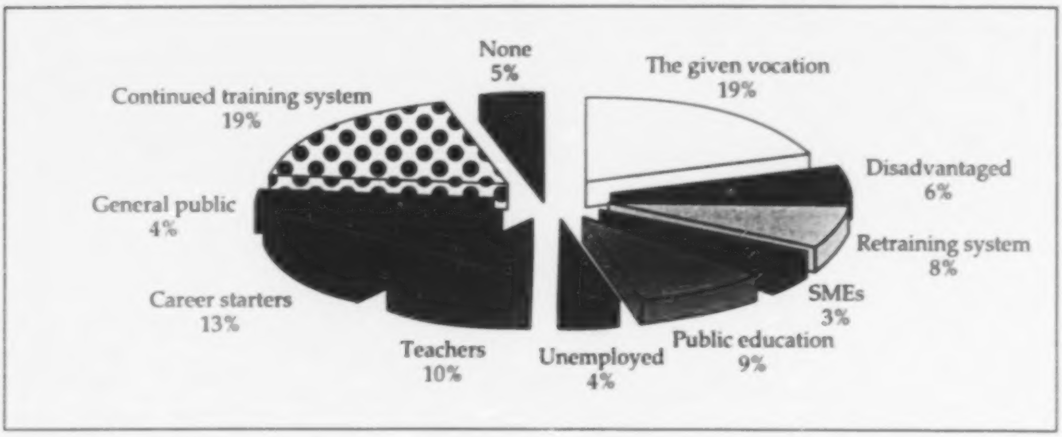
For some time now, tele-teaching has been included in our initiatives as a particular expansion of the traditional education and training system or as an enhancement of the new training possibilities for adults. Because of the conservative attitudes of institutions and the scarcity of available resources, the introduction of this form of education could not achieve a breakthrough on its own. Now, the situation seems to be radically changing. Changes in the labour market and the development of the information society require and enable much closer coordination between tele-teaching and traditional methods than ever before. Since 1998, as part of the vocational education and training policy of the day, new training programmes, with network options, were started. These have provided adults with more flexible possibilities for education and training and have been accompanied by the necessary institutional development measures.

Chart 2.11, which shows the various social groups using this up-to-date method, is based on the programmes implemented in 1998 and 1999, and gives an indication of the integration possibilities of tele-teaching and learning.

It is clear from the data that open training should be approached from a variety of perspectives. In addition to the goal of the continued development of the occupational structure, developments from the perspective of the institutional system and of the target population are also to be considered.

On the basis of the results from 1998 and 1999, the institutional arrangements which were used to expand the programme are expected to be extended even further.

Chart 2.11 Target groups on the base of 184 projects



Source: ST vocational education and training (Tanulmányok a nyitott szakképzésről), 3/1 page 182.

3. Human resources development

3.1 *Continuing training*

3.1.1 *General trends*

(see the detailed tables in Annex 10)

The national and regional development policies take into consideration the fact that, all over the world, human resource development has a major influence on competitiveness. A good example is provided by European Union policy for the first years of the 21st century, which aims at the achievement of a 'Europe of knowledge', an idea which is directly related to current thinking on lifelong learning.

In Hungary, at the moment, the legislative framework has already been changed and it is very important that the financing system is also changed to reflect the increasingly differentiated activities of vocational training institutions and changes in the supply of programmes. Such changes would allow for the involvement of the employer and the enforcement of economic interests. At the same time, it would provide citizens with the opportunity to acquire their first vocational qualifications, followed by continuing training and retraining and would make *lifelong learning a general practice.*

If Hungary intends to meet the challenge, which all developed countries have to face, we will have to significantly increase the amount of time adults spend in basic vocational training. On a longer-term basis, we will have to provide training opportunities, with financial and legal guarantees, for people who are already at work. Another task to be completed and resolved on a short-term basis is to change the financing system of vocational training, particularly the vocational training contribution system, in order to encourage the provision of human resource development programmes and the activities of economic organisations.

Human resource development includes both in-school and non-school vocational training. The previous chapter dealt with training provided in schools. In this chapter, we are going to look at the characteristics of continuing training in Hungary.

Vocational training outside the school system is vocational training for adults who have already completed their school education. This training does not take place on the basis of centrally prescribed programmes or curricula. Vocational training outside the school system may be aimed at the acquisition of national vocational qualifications, in which case the training requirements are identical to the requirements used in the school system. Vocational training outside the school system can also be specific training for particular jobs. This can lead to a certificate, but not to a state-recognised certificate or qualification.

The curriculum, i.e., the subject matter and duration, of any training course outside the school system is decided by the organisation providing the training. The majority of employers are engaged in economic activities, while approximately one-fifth of employees perform public tasks or services.

Training inside and outside the school system are similar, in that both must meet the requirements of the labour market, but there are also differences between them because the basic tasks of the two sets of institutions are different.

One area that should be mentioned is training for vocational qualifications, which are not acknowledged by the State. This is clearly a legitimate area of training activity and it can even happen that, in a certain region or at a certain workplace, specific vocational qualifications must be acquired.

From a legal point of view, lack of recognition by the State merely means that the training organisation undertakes full responsibility for the content of vocational training courses.

3.1.1.1 Definition of vocational training outside the school system

➢**Basic vocational training, which is the foundation of vocational training**

Basic training provides participants with the opportunity to learn about the basic and main work processes of several different trades, e.g., the paper industry, the leather industry, metalwork etc., and also to try out the work involved so that the participants can chose the trade, subject and skills which are most suitable for them.

➢**Training leading to official qualifications recognised by the State (Hungarian abbreviation: OKJ)**

This is training that is required for filling certain jobs, performing activities and taking up a specific occupation and can lead to the acquisition of vocational qualifications listed in the National Register of Vocational Qualifications.

➢**Training not leading to National Register of Vocational Qualifications vocational qualifications but required for jobs and employment**

This is training for the acquisition of skills and knowledge required for a specific job, occupation, employment or activity.

➢**Further vocational training**

This is training, as a result of which additional professional knowledge and skills are acquired in order to perform professional activities at a higher level. Training preparing participants for master examinations also fall into this category.

➢**Special needs training for people in a disadvantaged situation or with impaired working abilities**

This includes all kinds of training, designed to help disadvantaged people to use their vocational qualifications, to improve their chances of finding employment and to help them find a job.

➢**Training to promote employment and enterprise**

This category includes all kinds of training which improve the employment chances of the participants and help them find work through the development of personality and communication skills, job-finding techniques and basic enterprise theory. These elements are usually added on to specific training aimed at the acquisition of a particular vocational qualification.

➢**Training for jobs in transport, telecommunications and the water management authority**

➢**Other**

This category includes language training and various kinds of further training.

The following training activities are not usually classified as training outside the school system:

- post-graduate training organised by higher education institutions, aimed, for example, at acquiring a second diploma;
- university and high school (college) preparatory training which does not lead to a specific qualification;
- training in accident prevention, first aid and other regular training sessions to update certain skills and knowledge in particular trades;
- professional conferences, consultations and other events not held for education purposes; and
- training courses and examinations to prepare participants for the basic and special examinations in economics.

During the last ten years, the most dynamic part of the education system has been special training outside the school system. The approval of the Vocational Education Act in 1993 made the structure of the vocational training system, and its specific features, clear. It is typical of the system that the market impacts on the way it operates. This is reflected both in financing and in levels of participation. A smaller percentage of funding comes from public expenditure, the behaviour of participants is also influenced by the market and most of the training organisations are, themselves, market participants. This also means that the economy has a direct, significant impact on this sector. The requirements of the economy have encouraged the institutional system and the participants in training to be flexible and to adjust easily to using different sources of finance.

A new element in training outside the school system, which also illustrates the market mechanism very well, is a provision of the Act on Vocational Training which lays down that a training institution must enter into a training contract with participants. The Act also specifies the elements that must be included in this contract, though additional elements can also be included. The contract establishes a legal relationship, based on civil law, between equal parties, i.e., training is established as a joint intention and is based on co-operation. One could say that the participant is the client and the training institution is the supplier. The training contract should contain provisions on:

- the qualifications and the skills and knowledge to be acquired;
- the method of training;
- the organisation of the examination;
- the place, term and schedule of the training;
- the consequences of any negligence on the part of the participants or the training institution; and
- the training fee and the method of payment.

The clients, who pay the fees, need not necessarily be the ones actually participating in training. The contracts assure that the training process can be controlled and regulated through the payment of the service fee. The fact that the participants and the payer of the training fee may be different, i.e., that the party paying the training fee can be the labour centre or the employer, can lead to several problems. For example, clients and participants can differ in their assessment of the usefulness of the training. The objectives of the participants can also be different than those of the financier but the supplier will definitely meet the requirements of the client. If the difference in objectives is significant, it will have an impact on the efficiency, the effectiveness and, ultimately, the quality of the training. The introduction of the training contract has significantly improved the transparency of vocational training outside the school system, provides legal security for the parties participating in the training and also fulfils certain consumer protection functions.

3.1.2 *The institutional system*

The institutional system that has developed for vocational training outside the school system for the last ten years or so has three basic elements and this is reflected in the Decree of the Minister for Education No 45/1999 (previous was 2/1997. ML (I.22.)) on the terms and conditions for the commencement and continuation of vocational training.

Up to 31 March 1998, 1,024 institutions received a certificate, which allowed them to engage in vocational training. Of these institutions, 37% are *organisations supported by public funds*, which means, for the most part, schools, higher education institutions and state-owned institutions but also regional human resource development and training centres. *Non-profit institutions*, i.e., foundations, associations and companies operating for the benefits of the public represent 12.4%, while *commercial organisations*, i.e., various types of companies, partnerships, limited liability companies and shareholding companies, represent 50.6%.

This breakdown according to type of organisation is very important because different regulations govern the different types of organisation. *Organisations supported by public funds* receive local government and/or state funding for their basic functions, the amount of which varies. In general, however, it does not cover total expenditure and the organisations are obliged to generate their own revenues. This they can do through their core activities, which are obviously education and training, or through various business activities. These two types of activity must be distinguished very clearly in their books and records because the revenues generated from the core activities of the institutions are regulated by the Finance Act, which regulates the economic activities of the institutions.

The regulations on *business activities* are identical to those governing the activities of business organisations. Two features must be outlined here. The first is the fact that organisations supported by public funds, with the exception of regional human resource development and training centres, engage in vocational training outside the school system as a supplementary activity. This is especially true of schools. Revenues generated from these activities represent additional funding for their operation and financing. We should also note that several local governments which run schools take part of these revenues and/or they take them into consideration when the next budget is being planned, i.e., they are calculated into the revenue base. Schools do not consider training outside the school system as a core activity but they take it on for business considerations. The guaranteed transfers they receive gives them their security, but they are often very low. Even so, they are enough to cover certain expenditure occurred in the provision of training outside the school system in advance.

The State budget supports the core activity of the *training centres*, which is the provision of vocational training outside the school system. However, the support they receive does not cover their operating expenditure or even the training expenses so that they have to generate income from their core activity as well.

Foundations, associations, or companies that operate as non-profit organisations participate in training as suppliers performing specific tasks. Their economic activities are governed by the provisions of the Non-profit Act and other regulations on economic organisations. Companies established for the benefit of the public can apply for the legal status of a non-profit company and be reclassified as a non-profit organisation. Public foundations can also be non-profit organisations if they apply for that status and meet the legal requirements i.e., if they are engaged in non-profit activities, one of which, according to the law, is training and education, and are engaged in business activities only to perform and achieve their non-profit objectives. The other condition is that they do not distribute their profits but use them for the achievement of their non-profit objectives. Non-profit organisations are entitled to the benefits specified by law but, in addition to the rules specified above, the regulations ensure the transparency of their economic activities: the level and source of subsidies to them must be published in the press and information on any benefits provided by non-profit organisations should be made available to anybody who wants it.

Commercial organisations (partnerships, limited liability companies and shareholding companies) conduct their economic activities using their equity and revenues. Their operations are governed, primarily, by the provisions of the Act on Economic Associations and the current tax regulations. They try to generate their revenues from the training market. The training market, as has been mentioned before, operates like other sectors of the economy and it is defined by the demand and supply ratios. However, at the moment, the training market is still a 'quasi-market': the largest client is the State itself though the portfolio of orders coming from the private sector is also increasing gradually.

The activities and conduct of the three market participants described above are influenced by legal regulations. Education and training is a heavily regulated area and, therefore, the flexibility of training suppliers and ability to adjust to specific requirements is limited. This is specially true for those types of training, which are paid for from state funds.

3.1.2.1 *Main types of training institutions*

The main types of training institutions are:

- legal entities engaged in vocational training as a core or supplementary activity (state-owned companies, trusts, other state-owned economic organisations, organisations supported from state funds, legally based co-operatives, associations, joint venture companies, limited liability companies, shareholding companies, non-profit organisations, associations, public agencies, companies established by certain legal entities, subsidiaries and foundations);
- business organisations without a legal entity (limited partnerships, unlimited partnerships); and
- private contractors.

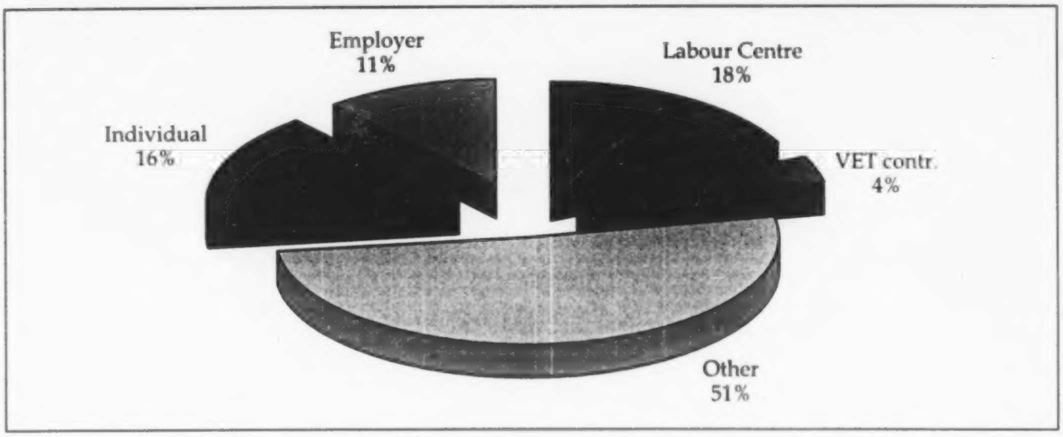
3.1.3 *Participants in training*

The users of the continuing training services, i.e., students, pupils and participants, can be classified into two large groups according to their status under the employment law: employers/employees and unemployed.

Currently, state funds can be used to support the training of unemployed people and people threatened with unemployment. Employers who are obliged to pay mandatory vocational training contributions can spend some of these to train their own employees and/or to support their training.

If the students are classified on the basis of who finances their training, we can distinguish between three groups: those whose training is financed by the employer; those who pay their own tuition fee and those whose training is supported by the labour centre.

Chart 3.1 Number of people involved in vocational training outside the school system classified according to who paid the tuition fees in the first half of 1998



Source: National Statistical Data Collection Programme data supply

The National Statistical Data Collection Programme data for the first half of 1998 do not show what the most frequent source of finance is because the people providing the data indicated other sources in 51% of all cases (most probably because they did not want to reveal who the financier was). However, the reported data do show that a high percentage of training is financed by the county labour centres and by individual trainees.

3.1.4 *Funds*

The most important feature in the financing of vocational training for adults outside the school system is that direct state, i.e., budgetary, funds are not involved. Part of the funding required for the training comes from the budget, but the source of the funds is not the state budget but an extra budgetary fund.

This means that adult training is supported by public expenditure but the distribution of funds for this purpose follows a different mechanism. The Labour Market Fund is an extra-budgetary state fund, which is managed by the Minister for Social and Family Affairs. The right of disposal over the fund is shared between the Minister and the steering committee of the Labour Market Fund (Hungarian abbreviation: MAT), which is a tripartite organisation made up of representatives of employees, employers and the government. The steering committee makes autonomous decisions on the allocation of the resources of the Labour Market Fund, the allocation of the Employment Fund to centralised and decentralised bodies, the introduction of employment and training programmes etc.

As was indicated before, there are three other sources of finance in the training market:

- the employer,
- the individual, and
- the county labour centre.

Recently, several foundations have been established for the purpose of financing training and for contributing to the training of people from disadvantaged groups.

The county labour centres can provide support for the training of the registered unemployed and of those employees whose jobs are at risk and who are threatened with redundancy. The award of the subsidy and the actual amount paid is at the discretion of the labour centre. The decision can be influenced by the provisions of the Decree of the Minister for Education No 6/1996 (VII. 16) on employment promotion support and by support provided by the Labour Market Fund to manage the crisis in employment.

In general, the labour centre provides 80 to 100% of the cost of training and the outstanding amount is covered by the individual. The decree specified above has a regulatory impact on training expenditure, since the appendix of the statutory regulation details the expenditure that can be taken into account for the purpose of reimbursing expenses and this has an influence on the level of the training subsidy. On the basis of the decree, the maximum level of eligible expenditure, expressed in HUF per person, per hour and per area of study, (classified on the basis of the National Register of Vocational Qualifications), was published in an official announcement. These cost limits assisted the activities of the labour centres: in accordance with the provisions of Section (2) Article 3 of the decree referred to above, a list of vocational training institutions has to be created each year in which, if other terms and conditions are met, all institutions, whose training proposal and offer do not exceed the standard costs, have to be included. However, it was found that the offers made by the institutions are, generally, close to the maximum and/or the individual norm per one hour of training can be reduced as the training period increased, which allows the institution to make an offer which falls below the maximum cost limit.

The database used to determine maximum costs was the National Statistical Data Collection Programme database, which clearly indicates the average market price of the various vocational training courses. There was, of course, a need for weighted average figures but the standard normative costs were based on real, current costs.

3.1.5 *Data on vocational training outside the school system*

At the moment, data on vocational training outside the school system can be collected from two sources. Data on vocational training outside the school system (courses) are included in the national statistics database collected by a labour organisation within the framework of the National Statistical Data Collection Programme (Hungarian abbreviation: OSAP). On the basis of the Act on Vocational Training, a ministerial decree requires institutions engaged in vocational training outside the school system to be registered and this registration is currently managed by the same labour organisation.

There are, therefore, two separate types of information. The National Statistical Data Collection Programme data, in principle, contains the most important data on every training course that has started and ended in a given period, while the official register of training institutions contains the most important data on each training institution engaged in vocational training outside the school system. The official register of training institutions outside the school system contains data on all registered institutions of this kind, while the statistical data on training courses contains information only on those institutions and courses which were active at a given point in time.

The data on vocational training courses outside the school system are collected by those responsible for vocational training within the framework of the National Statistics Data Collection Programme, on the basis of the provisions of Act LXXVI of 1993 (on vocational training).

On the basis of the provisions of the Act on Vocational Training, the institutions engaged in vocational training outside the school system give the data on each training course started and completed by them to their county labour centre, using a national standard reporting form.

These data are collected all over the country and analysed once every six months or once a year.

Within the framework for the collation of statistics data, the data on vocational training courses outside the school system were processed for the first time in 1995 and have been collected every year since. Each year, data on approximately 4,000 vocational training course and approximately 100,000 participants have been regularly included in the statistics.

The volume of these data increased by 27% during the first six months of 1998.

Since 1 January 1998, in accordance with the provisions of the Decree of the Minister for Education No 45/1999 (previously 2/1997. ML (I.22.)), only institutions registered by the relevant authority engaged in vocational training outside the school system. The registration is carried out by the county labour centres. The national and county lists of training institutions are included in a separate chapter "Officially registered institutions providing vocational training outside the school system" in the official register.

Within the statistics system, training suppliers are defined as those who are engaged in training, either on their own initiative or on assignment, and have an official institutional registration number assigned to training institutions engaged in vocational training outside the school system.

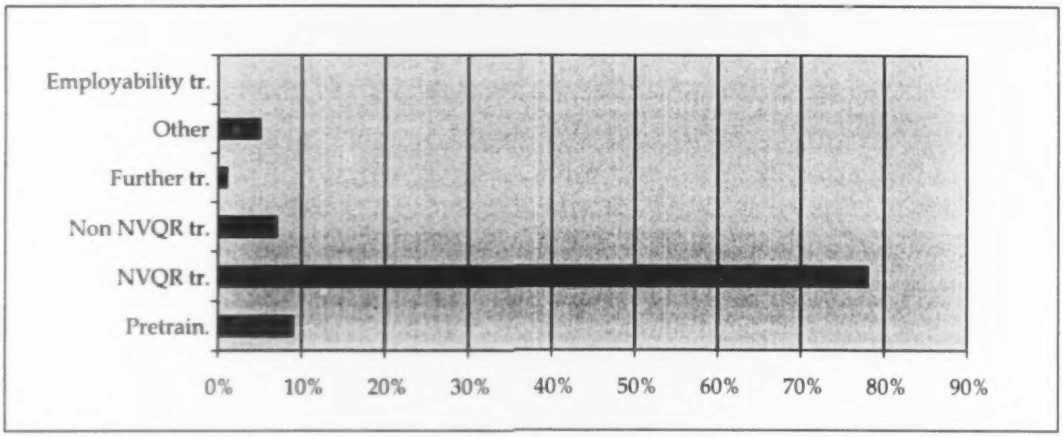
Any employer who has more than 10 employees, as defined by the Employment Law, is obliged to report on any training conducted by him/herself that falls within the scope of the Act on Vocational Training. If the employer assigns an external institution to provide training for his own employees, the institution engaged in the training is also obliged to submit a report.

3.1.6 *Main characteristics of vocational training outside the school system*

In 1998, a total of 5,363 training courses, in which a total of 103,675 people took part, were reported to the county labour centres. The ratio of people benefiting from support on the basis of the provisions of the Employment Act was 36% (37,374 persons).

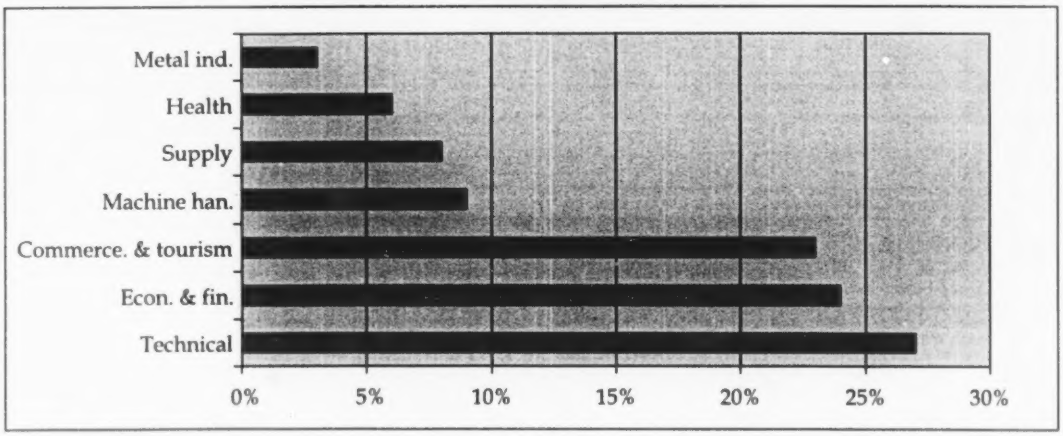
Of the reported courses, 75% were aimed at the acquisition of vocational qualifications acknowledged by the State (National Register of Vocational Qualifications) and 78% of participants in these courses completed their training.

Chart 3.2 Training courses outside the school system, 1998



In the statistics system, two identifiers are used to analyse vocational training. One is the code the training course is given in the National Register of Vocational Qualifications (OKJ) and the other one is the code in the Uniform Classification System of Occupations (Hungarian abbreviation: FEOR). These identifiers can also be used, with some exceptions, for vocational training, which is not listed in the National Register of Vocational Qualifications. The code in the Uniform Classification System of Occupations indicates the job which is most typically taken up by those who have completed the training course in question. The National Register of Vocational Qualifications codes indicate, among other things, training conditions and other requirements for acquiring the specific qualification, though they also provide a basis for analysing the content of training courses.

Chart 3.3 Training courses by sector



According to data from the Uniform Classification System of Occupations (FEOR), the most popular training courses in 1998, compared to previous years, included courses for:

- technical occupations;
- economic, banking and other administrative work;
- trade and catering positions;
- machine operators;
- non-material services;
- health care occupations; and
- jobs in the iron and metal industry.

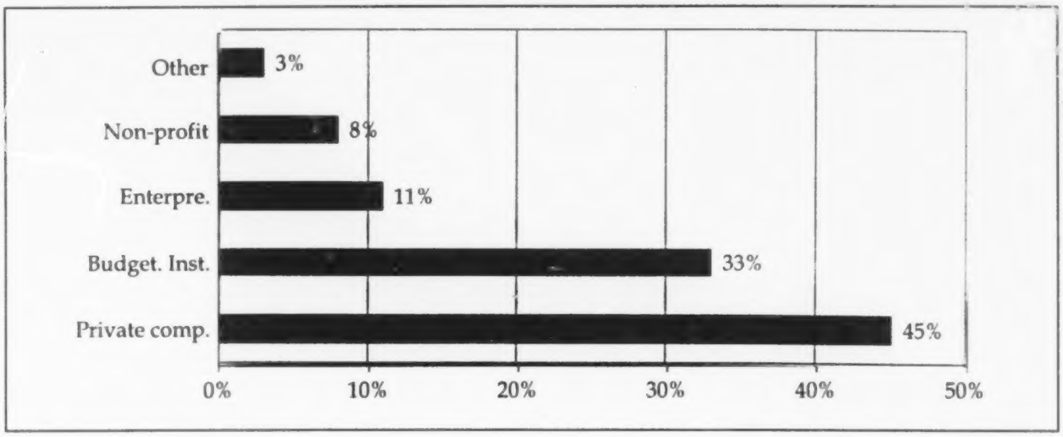
The number of participants who enrolled on these courses represented 79% of the total participants. The remaining 21% were spread among the remaining 31 Uniform Classification System of Occupations groups.

In 1998, a total of 43% of the vocational training courses outside the school system were aimed at the acquisition of secondary education qualifications and 46% were aimed at primary-level qualifications.

3.1.6.1 *Breakdown of the institutions engaged in vocational training outside the school system*

Of the institutions engaged in vocational training outside the school system and reporting their data in the first half of 1998, 45% were legally constituted private companies, 33% were organisations supported by public funds or their agencies and 8% were non-profit organisations. The core activity of 78% of the total was the provision of training services in different sectors of the economy.

Chart 3.4 Types of organisations engaged in vocational education and training outside the school system



Institutions engaged in vocational training outside the school system

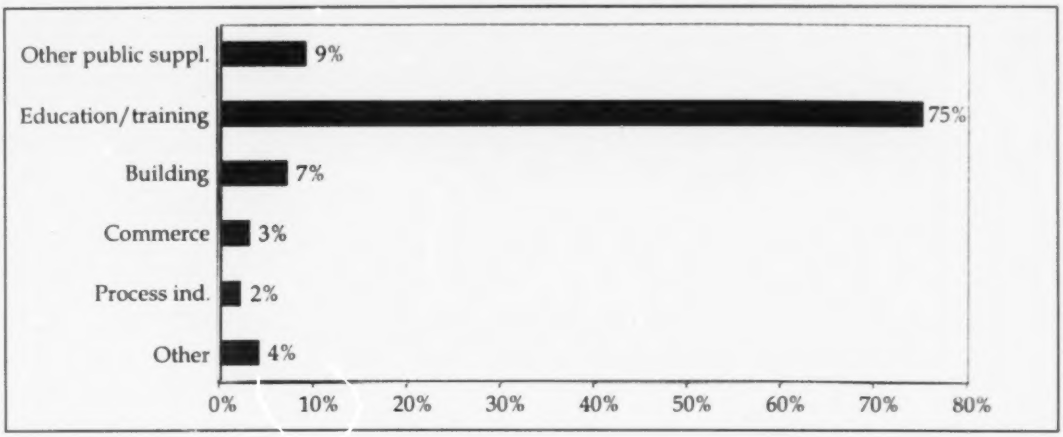
On the basis of the provisions of the Decree of the Minister for Education No 45/1999 (previously 2/1997. ML (I.22.)), the Budapest and county labour centres registered a total of 1,461 institutions engaged vocational training outside the school system up to 31 December 1998. These institutions registered a total of 9,012 training courses. (Specific qualifications can be acquired in several training institutions too.)

Twenty-five percent of the institutions engaged in vocational training outside the school system and included in the official Hungarian register are situated in Budapest, and 68.5% in the counties.

The registration records provide information on the areas of activity the organisations are engaged in and on the type of organisation they are.

3.1.6.2 *Areas of activity of institutions engaged in vocational training outside the school system*

Chart 3.5 Areas of activity of institutions engaged in vocational training outside the school system



Of the institutions included in the official records of the authorities, 75% are engaged in training as the core activity.

Of the institutions whose engagement in vocational training outside the school system is their core activity, 58% are specialised in adult and other training activities and are public education and higher education institutions.

3.1.6.3 *Types of organisation engaged in vocational training outside the school system*

The breakdown of institutions engaged in vocational training and included in the official records of the labour centres into different types of organisation is shown in the Chart 3.6.

Chart 3.6 Breakdown of the institutions engaged in vocational training outside the school system

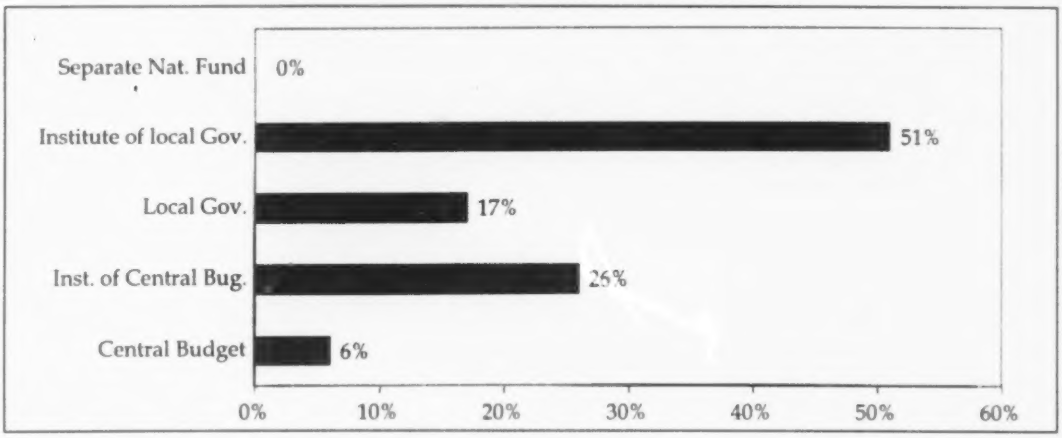
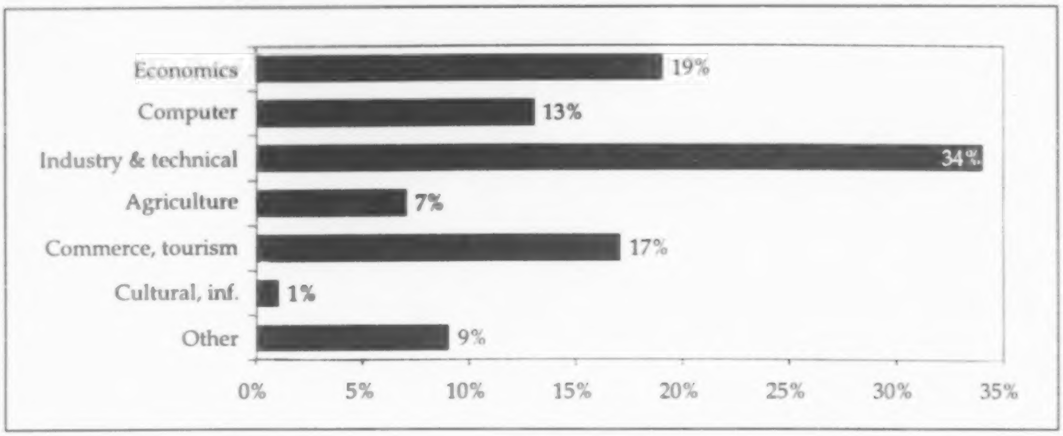


Chart 3.7 Areas of vocational training covered by the 9,012 special training courses in the 1,461 registered institutions engaged in vocational training outside the school system



To summarise, the provision of training outside the school system is dominated by courses in industrial/technical, economic, commerce and tourism subjects.

3.1.7 *Quick Start programmes*

The 'Quick Start' programmes are irregular forms of training, from both a methodological and a financial point of view. Their aim is to use training to satisfy the staff needs of employers. They are financed by the central Employment Fund, the county labour centres (the decentralised Employment Fund) and the employers' contributions. The three sources of funding represent the three parties in whose interest it is to have the training carried out and their involvement is designed to ensure maximum co-operation in its implementation. In 1998, a central programme was launched to provide training for approximately 2,500 persons. The programme was allocated HUF 50 million central support, which was supplemented by HUF 50-50 million provided by the local labour centre and the employers.

3.1.8 *Continuing vocational training financed by enterprises*

Vocational training contributions, which is one of the three sources of financing for vocational training, comes from payments by enterprises. The total contribution is 1.5% of the labour costs in each company. The amount of vocational training contributions paid by entrepreneurs and companies was HUF 25,061 million in 1997. Enterprises are allowed to use part of their contributions, or 0.2% of their labour costs, for training for their own employees. In June 1999, the Parliament agreed to raise that amount from 0.2% to 0.5%. The total amount of vocational training contributions spent on company (in-service) training in 1997, was HUF 7,275 million. In general, enterprises spend about 2-2.5% of their labour costs on such training. However, companies that are in the phase of expansion or are in strategic sectors, spend much higher proportions of their labour costs on in-service training. For example, ABN-AMRO spent 5% of its total labour costs on in-service training in 1997.

3.1.8.1 Continuing vocational training organised by enterprises for their employees

The provision of in-service training for employees is a characteristic of large enterprises in the industrial production sector. Associations of enterprises in the same sector also come together to organise vocational training. The Bank Association, which is an institution for training bankers, can be mentioned as an example. These types of training do not always lead to state-recognised qualifications for participants, but qualifications which are often required by enterprises/employers in different professions, (banks in this case) can be obtained.

Internally and externally organised training at enterprises

In the Hungarian system, small and medium-sized enterprises mostly provide training by engaging external providers (schools or training centres) whereas, large enterprises carry out their own internal training. Large enterprises usually rent premises and equipment from schools or training centres but they organise all the other aspects of the training themselves. Both trainers and participants are employees and the syllabus is drawn up inside the enterprise (e.g., the Ford factory in Székesfehérvár).

Number of employed who have received training in a given year

Table 3.1 Total number of employed who participated in training in 1998

	1998
Number of employed who have received training	250,000

Source: Ministry of Education and Ministry of Social and Family Affairs

Table 3.1, which shows the total number of the employed taking part in training outside the school system in 1998, includes those participating in language training and in non-vocational training. Since, in Hungary, employers are not obliged to provide a comprehensive report on the training and education of their employees, this figure is an estimate, calculated by experts from the Ministry of Education and the Ministry of Social and Family Affairs on the basis of the available data and the financial reporting system on all training carried out in the framework of active employment measures.

In Hungary, there is also preventive training aimed at protecting the employed who are at risk of becoming unemployed. Table 3.2 provides data on the numbers of employed taking part in preventive training financed by the Labour Market Fund.

In addition, there is preventive training financed by the enterprises. There are no data available on this kind of training. Some collective agreements in enterprises cover preventive training for the employed, in case of company restructuring or closure.

Table 3.2 Participation in preventive training, 1993-98

	1993	1994	1995	1996	1997	1998
Number of employed participating in preventive training	3,024	4,632	4,676	5,280	4,509	4,122

Source: National Labour and Methodological Centre, Snapshot of the Labour market

Table 3.3 Number and percentage of unemployed participating in vocational training

	1994	1995	1996	1997	1998
Number of unemployed participating in vocational training	89,295	66,506	66,700	71,484	75,482
Number of unemployed participating in labour market training as a percentage of the yearly average number of registered unemployed	4.9	4.3	3.8	4.3	4.9

Source: National Labour Methodological Centre. The table has been calculated by the Statistics Analysis and Information Department of the National Labour Methodological Centre

Table 3.4 Employment situation of unemployed after vocational training

	1998
Employed as a percentage of unemployed 3 months after finishing labour market training	47.7%

Source: National Labour and Methodological Centre

An examination of the situation of the unemployed after participating in labour market training was of essential importance in the beginning of the 1990s, when well-trained and talented, as well as unskilled, people, lost their jobs as a result of the economic and political transformation of Hungary. Since 1994–1995, however, the unemployed seem to be part of a core group whose situation is not, in general, improved by training.

In the present system, the labour centres, which have been set up in every county seat and in the capital, continually observe the demand and structure of the labour market and prepare calculations and forecasts on occupations that are likely to be in demand by employers in the short and long term.

On the basis of these calculations, the labour centres identify the priority groups of occupations in their regions. The centres support training only in the occupations that fall into these priority groups. As a result, the unemployed participating in training supported by the labour centres, acquire skills that meet labour market requirements and are able to find jobs. In addition, the labour centres carry out career orientation tests for participants to examine their skills and ability to work in a given occupation. If a person is deemed not suitable for the occupation in question, the labour centres suggest training in another area. This procedure helps the unemployed to find an occupation that is suited to his/her skills and personality.

Two types of training are available for the unemployed in labour centres:

occupational training; and

general training to supplement participants' education with additional subjects such as languages, informatics etc.

3.1.9 Support to small and medium-sized enterprises in terms of training and advice[5]

3.1.9.1 Training

Support to small and medium-sized enterprises in the area of training has been provided from the European Union through the Phare Small and Medium-sized Enterprises and Private Sector Development Programmes since 1991. The programmes are managed by the Hungarian Foundation for Enterprise Promotion (HFEP) and its national network of business support agencies (Local Enterprise Agencies – LEAs).

The training programmes have, in most cases, covered the following topics:

- marketing;
- general business management;
- small business portfolio management;
- training of small business consultants;
- loan appraisal and credit management;
- corporate governance;
- networking; and
- programming and organisation.

Training on basic entrepreneurship is provided through Local Enterprise Agencies whose object is to transmit information on changes in the legal-economic environment and to organise short, professional seminars. The Local Enterprise Agencies survey demands, review specific local requirements, draw up detailed curricula and select trainers through tenders, as well as providing their own professional trainers.

Further training topics include:

- how to start a business;
- communication;
- foreign trade;
- marketing;
- financial issues;
- customer service;
- training for sales representatives;
- business languages (English and German);
- business planning; and
- study tours

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[5] Source: Demands of Small and Medium-sized Enterprises in the Field of Education and Consultancy, Research papers of the Hungarian Foundation for Enterprise Promotion

3.1.9.2 *Training for special target groups (farmers, administrators, truck drivers, media managers etc.)*

According to a recent survey on training and consultancy needs, small and medium-sized enterprises tend to participate in the following types of training or extension programmes:

- professional courses (e.g., in tourism or languages, with a certificate or diploma at the end);
- optimal choice of regulatory system;
- computer courses;
- finance, loans, credits, available support schemes from commercial banks;
- business ethics;
- foreign trade; and
- special short courses in taxation and social security changes.

The training support to small and medium-sized enterprises can be considered fairly developed though there is a need to continue with specialised courses.

3.1.9.3 *Advisory services*

Advisory service support to small and medium-sized enterprises has been provided by the European Union through the Phare Small and Medium-sized Enterprises and Private Sector Development Programmes since 1991. The programmes are managed by the Hungarian Foundation for Enterprise Promotion and its national network of business support agencies (Local Enterprise Agencies - LEAs).

Bilateral donors, such as the German government, and the Hungarian government have also provided considerable support for the management of supported advisory services to small and medium-sized enterprises. There are, in effect, two types of consultancy and advisory services:

- basic level (client service) consultancy; and
- higher level (specialised) consultancy.

Start-up support for micro, small and medium-sized enterprises are provided through both types of consulting services. Basic level consultancy provides basic financial, legal, marketing and other information connected with the launch of a new enterprise as well as information on financing and training opportunities. This type of consultancy is provided by Local Enterprise Agencies, chambers, business organisations and Euro Info Centres. Specialised consultancy services are available from Business Innovation Centres and private consultants.

Clients with specialised queries may be referred to special advisers. The client service consultancy is usually free of charge or has a low fee. Specialised, high-level consultancy is provided at market prices. Supported schemes, however, exist with bilateral and government aids. The Hungarian Foundation for Enterprise Promotion works in association with some 250 independent consultants and, with this arrangement, has provided some 6,000 consultations since 1990.

The advisory and consultancy support to small and medium-sized enterprises can be considered fairly advanced though small and medium-sized enterprises must be provided with continuous financial support to utilise the special services which are provided at market prices.

3.1.10 Trends on offer and the demand of management training courses for companies

The Hungarian National Observatory has carried out a survey in this specific field, with a view to identifying trends rather than presenting simple facts and figures. The research was primarily aimed at companies in the public service, the pharmacology, finance, heavy industry, agricultural processing and car imports sectors and the electronics industry. All data that appears below are based on information supplied by companies that were interviewed on the basis of questionnaires. The companies' names are replaced by the sectors they belong to.

Responses received from both the companies and the relevant higher education organisations, indicate that the demand for the training of companies, enterprises and managers meets or slightly surpasses the supply and offer in this field.

In Hungary, almost all companies employing 50 to 5,000 employees organise training. The training is carried out either within the enterprise or with the assistance of training institutes, i.e., universities, colleges, business schools and other companies, selected by the company itself. Our research indicates that all such training is financed by the company.

The supply of management training courses for companies is quite developed. Most companies train their managers within the enterprise and several firms have their own education institutions or departments. Companies with more than a thousand employees tend to organise and to coordinate the work and activity related to training within their own organisations. The same goes for analysing and determining the needs of both the enterprise and its managers for well trained and up-to date business experts. The organisers of the training programmes harmonise the curricula and details of the training course with daily requirements in the fields in question. All aspects of the training are financed by the companies. The percentage of wages spent on training ranges from 0.4% to 6.5%. All in all, it can be concluded that the large companies and enterprises have established quite efficient further training methods and spend sufficient sums on business education.

The table below shows the percentage of wage costs spent on training per year in the following fields. It clearly indicates that while a relatively low wage cost percentage is spent on training in the traditional agricultural and processing industries, those large companies that are either in the phase of expansion (e.g., electronic production) or represent strategic areas (e.g., financial sector including bank and insurance), spend outstanding percentages on further training.

Table 3.5 Percentage of wage costs spent on training

Company sector	% of the wage cost spent on training
Agricultural processing industry	0.4%
Electronic production	5.76%
Heavy industry	2 - 3%
Chemical industry	1.6%
Financial sector	~ 6.5%
Public service sector	~ 1.5 - 2%

Source: Based on the results of our research

There are two types of training courses, i.e., training within the company carried out by company personnel and training carried out with the help of universities, colleges, business and training schools, employed as subcontractors or training providers. The use of these two types of training is shown in Table 2.18.

Table 3.6 Provision of training in-house and by outside providers

Company sector	Training provided in-house	Training provided by outside suppliers
Agricultural production	30%	70%
Electronic production	95%	5%
Heavy industry	50%	50%
Pharmaceutical industry	10%	90%
Financial sector	85%	15%
Public service sector	0%	100%
Bank sector	40%	60%
Car imports	80%	20%
Chemical industry	60%	40%

Source: Based on the results of our research

The average duration of training for managers also varies. Most courses cover a curriculum which requires 20–120 classes per year. The duration of training for managers is often 20% less than for other employees.

Table 3.7 Duration of training for managers

Sector	Length of training
Banking	3.5 days/year
Insurance	5+3 days
Electronic production industry	18 days/persons
Agricultural production industry	7.5 days/year
Heavy industry	5 days/year
Chemical industry	5 days/year
Car imports	5 days/year

Source: Based on the results of our research

3.2 Training for managers and administrators

3.2.1 Legislative background, general terms and conditions (Master in Business Administration)

The requirements for further training, i.e., specialisation leading to a second diploma, are laid down in the February 1999 Decree of the Minister for Education. This decree also regulates the Master in Business Administration (MBA) degree. According to the decree, the course for a MBA should last:

- for at least one year, in the case of day courses; and
- for two years, in the case of evening or correspondence courses.

In no case can the course be less than 800 hours.

Training can be carried out through a foreign language or in both Hungarian and a foreign language. In addition to the final examination, students must take a language examination in the given language. If these terms and conditions are met, the accredited MBA course can lead to specialist qualifications which are officially recognised in Hungary, e.g., university economist specialist in business administration or business administration manager.

Until the beginning of 2000, only state universities and institutions that were officially recognised as issuing certificates and offering MBA courses were accredited. In the case of the latter, the courses were launched even before the training requirements were published and this automatically resulted in official recognition.

Diplomas received at non-accredited MBA courses can be recognised by going through particular procedures.

3.2.1.1 Acknowledgement by the labour market

It is mainly multinational companies who look for managers with MBA certificates. For the majority of Hungarian companies, this diploma does not represent a major advantage and it is not yet a condition for employment.

In the case of the employees, the company typically takes over the payment of the tuition fee, in part or in full, and may even offer study leave to cover the time spent on consultations or examinations.

The majority of persons with a MBA diploma have a secure position on the labour market. For example, on the basis of the records kept by one of the private companies who run MBA training, two-thirds of the students that finished the course six years ago were employed at a higher position immediately after the acquisition of the MBA diploma and their salaries increased by 45% in the first year.

3.2.1.2 Motivations for students enrolling for MBA training

Higher salaries and faster career development

In the largest telecommunications company in Hungary, tuition fees of employees on the MBA course is paid by the company and participants who successfully complete the course are automatically promoted. In a major Hungarian pharmaceutical company, every employee with a MBA degree is employed as a manager. However, in several information and telecommunications companies, employees with a MBA degree do not always obtain fast promotion.

Updating knowledge

Many applicants start their MBA studies in order to refresh their knowledge in their respective field.

Employment expectations

Managers with a MBA degree demand high salaries, which many companies in Hungary cannot afford. Smaller companies do not specifically acknowledge the MBA degree. Hungarian employers sometimes consider managers with this degree to be over-trained and, in extreme cases, managers may not even disclose the fact that they have a MBA degree.

3.2.1.3 *Training institutions and characteristics of the training*

In Hungary, MBA training is provided by state universities and private schools.

The number of applicants is rapidly increasing every year. According to the data collected from the training institutions, in 1999, nearly 1,500 students were taken on by the ten training institutions involved, compared to approximately 900 in 1998.

However, the dropout rate from MBA training is high. For example, of the initial 140 students starting the first year at Janus Pannonius University of Sciences in Pécs (JPTE), only 50 reached the last semester in 1999 and only 30 managed to get their diploma.

The training institutions issue:

- a Certificate in Management (CM) to their students after the completion of one year, and
- a Diploma in Management Studies (DMS) certificate after two years.

Most of the *private* schools are not accredited. They usually do not have their own teachers and tend to depend on invited lecturers. Very often, the students come together only for practical training and learn everything else individually at home using electronic textbooks, tapes and videotapes. If there is a need, they can contact their tutors through the Internet and it is possible to take most of the examinations in 'virtual classrooms'.

The MBA courses in *state universities* are more similar to traditional university courses and there is more emphasis on theoretical components. At the same time, the reputation of this training is increased by the fact the universities are involved in providing it. The universities have organised group consultations to apply theory to practice and to test the skills of the students, but there is some doubt about the efficiency of these exercises.

The private schools offer periods of study abroad, of varying duration, and provide opportunities for the students to gain different kinds of experience. At state universities, most of the students have to organise these types of activity for themselves. In many cases, this does make a really significant difference because the students can organise different experience in Hungary, but the experience abroad is very often useful when looking for a job.

Sometimes the tuition fee paid at state universities is only a fraction of the amount paid to private schools. The cheapest Hungarian tuition fee payable at state universities is about one-tenth of the amount students are requested to pay in the most expensive Hungarian private company.

The private institutions providing management training do not make significant efforts to have their MBA training recognised by the State.

Some institutions simply refer to the fact that students do not have recognition. Others hope that accession to the European Union will take place in a few years' time and will automatically bring them official recognition, since almost all of them organise their training in co-operation with a Western European university.

In many cases, the private companies believe that state recognition is not as important as the quality of the training they provide, which is usually guaranteed by their foreign parent institutions. A further factor in their reluctance to look for formal recognition is that, while higher education institutions only have to have the specialisation recognised, private companies have first to go through a long complicated and expensive procedure to raise their school to the status of a university or high school.

Another reason is that private schools, on the basis of contracts concluded with American or Western European universities, issue 'imported' diplomas, which meet the curriculum and training requirements of the parent institutions. If they were to change their courses to Hungarian requirements for accreditation, they would also need to gain the approval of their foreign partner institutions.

Most of the institutions that provide management training are not registered as schools but as companies and it is on this basis that they engage in training activities.

Table 3.8 Institutions providing Master in Business Administration courses in Hungary

Name of the Institution	Training provided		Number of students admitted in 1999	Fees (in EUR)	Foreign partner Institution	Institution providing degree
	Form/Duration	Language				
University of Economy * Hungarian, English-Hungarian (1992) International (1997)	Correspondence course (Intensive, 2 years) International (1+1/2 years) General Manager (3 years)	Hungarian, English-Hungarian English and Hungarian	344	Hungarian: 3,602.6 English-Hungarian: 3,915.85 International: 18,248-27,372 General Manager + Master in Business Administration: 4,092	London Business School (English-Hungarian) Purdue University (USA) Tilburg University (International)	Purdue University, Tilburg University, University of Economy (International) University of Economy, (the others)
Budapest University of Technology (1992)	Correspondence course (2 years)	Hungarian	250	939.8 (1/2 year)	State University of New York (USA), University of California (USA) Herriot-Watt University (Great Britain) Rochester Institute of Technology (USA) Université Jean Moulin (France)	Budapest University of Technology
Debrecen Agricultural University (1991) **	Evening course (2+1/2 years)	Hungarian	14	646.1 (1/2 year)	Wageningen University (The Netherlands)	Wageningen University, Debrecen Agricultural University

Name of the Institution	Training provided		Number of students admitted in 1999	Fees (in EUR)	Foreign partner Institution	Institution providing degree
	Form/Duration	Language				
Janus Pannonius University, Pécs (1992) ****	Correspondence course (2 years)	English and Hungarian	180	372 (1/2 year)	Middlesex University (London)	Janus Pannonius University
Kossuth Lajos University, Debrecen (1996) **	Correspondence course (2+1/2 years)	Hungarian	40	470 (1/2 year)	University College Dublin (Ireland) Utrecht University (The Netherlands) École Supériure de Commerce de Troyes (France) California Polytechnical University (USA)	Kossuth Lajos University, Debrecen
College for Foreign Trade (1995) *****	Distance Education	Hungarian	20	818.4 + 2,688,7 = 3,507	University of Lincolnshire and Humberside (Great Britain)	
Oxford Brookes University – Omegaglen Hungary (1993)	Distance Education (3 years)	Hungarian (1-2 years) English (3rd year)	102	1st year: 1,792.5 2nd year: 2,118.4 3rd year: 3,910.,8	Oxford Brookes University (Great Britain)	
Számalk Open Business School (1989)	Distance Education	English (2 or 3 years)	190	1st year: 2,037 2nd year: 2,200 3rd year: 3,910.8	Buckinghamshire Chilterns University (Great Britain)	

4. Research on the labour market and vocational education and training

(see the list of research studies in Annex 11)

4.1 Overall situation of research

In Hungary, the status of research activity and of researchers is lower than it was before the transformation, though, even during that period, it was not high. Although they are experts in their fields, researchers earn a very low income and often have to struggle just to live. Research institutions, many of which were previously under the aegis of the Hungarian Academy of Sciences, have been closing down one after another over the past decade. During the 1990s, the role of the institutions of higher learning in research grew in importance. On one occasion during the past decade, there was a budget year when public expenditure on research and development dropped to 0.75% of gross domestic product.

This situation is damaging for research institutions dealing with areas related to vocational training and labour issues.

4.2 Institutional changes

Prior to the transformation of the political/economic system, the National Pedagogy Institute (Országos Pedagógiai Intézet) was the largest research institute in the area of education. It was made up of several organisation units:

- the National Institute of Vocational Education (Nemzeti Szakképzési Intézet);
- the National Institute for Public Education (Országos Közoktatási Intézet); and
- the Education Research Institute (Oktatás Kutató Intézet).

Research into vocational training was one of the tasks of the National Institute of Vocational Education, which has a small research staff of 2-3 persons and which had also dealt with the contents of vocational training, although these activities were not included in its name.

It is a welcome development that, when the Deed of Foundation of the National Institute of Vocational Education was modified on 21 December 1999, the tasks of research and research-management were explicitly included in its brief. This means that, in 2000, we again have an institution responsible for research into vocational training in Hungary.

The situation is much worse in the field of labour research. On 1 January 2000, the Labour Research Institute (Munkaügyi Kutató Intézet), which used to be controlled by the Ministry of Labour until 1998 when control was transferred to the Ministry of Social and Family Affairs, was closed down and its tasks transferred to the National Labour and Methodological Centre (Országos Munkaügyi Módszertani Központba).

Government policy also supports the advancement of research and development and high level negotiations are currently underway between the representatives of competent ministries and the Hungarian Academy of Sciences.

In the period just after the transformation of the political/economic system, the National Technical Development Committee (Országos Műszaki Fejlesztési Bizottság = OMFB) was a key institution supporting research. Up to the end of 1999, the Committee was controlled by the Ministry of Economy but then it was transferred to the supervision of the Ministry of Education. It is not yet possible to assess the consequences of that decision. However, recent statements by the Minister for Education on the subject of support to research would lead us to expect that a major innovation centre in the area of education will soon be established.

4.3 Priorities in vocational education and training related research

The Ministry of Education has not yet issued a formal document on priorities in the area of research in vocational training, but various statements and background reports provide a comparatively consistent picture of what research can be expected over the next 2-3 years.

The best summary was presented by the Minister for Education, Zoltán Pokorni, at the NSZI conference on research in vocational training in early December 1999.

On that basis of that statement, the following target areas can be identified:

- integration, through vocational training, of socially disadvantaged groups;
- the development of suitability tests, linked to the National Register of Vocational Qualifications;
- the integration into the labour market of young people at the start of their careers;
- the adaptation of new training methods;
- the role of vocational orientation training in vocational training; and
- the effect of the quality assurance system on the training system.

The minister specifically emphasised the importance of programmes analysing the integration, through vocational training, of socially disadvantaged groups.

4.4 List of institutes involved in vocational education and training-related research

Kandó Kálmán Technical College, 1084 Bp. Tavaszmező u. 15-17

Technical University of Budapest Pedagogical Department, 1111 Bp. Mñegyetem rkp. 3.

National Institute of Education, 1051 Bp. Dorottya u. 8

National Institute of Vocational Education, 1087 Bp. Berzsenyi u. 6.

Expanzió Human Consultancy Ltd.

Kaleidoszkóp Ltd.,

National Labour and Methodological Centre,

Education Research Institute,

Hungarian Academy of Science- Centre for Regional Research, 7621 Pécs, Papnoveide u. 22. Tel: 36 72 212-755/Fax: 36 72 210-390

ELTE Research Institute for Sociology

Hungarian Academy of Science, Research Institute for Sociology

University of Economic Sciences

Jannus Pannonius University of Sciences, Institute for Adult Education and HRD, 7633, Pécs, Szántó Kovács János u. 1/b Tel: 36 72 251-444/ Fax: 36 72 251-100

Semmelweis Medical University, Institute for Behavioural Sciences, 1085 Bp. Üllői út 78/a

Agricultural Vocational Training Institute, 1223 Bp. Park u.2. Tel:36-1226-8309 Fax 36-1-226-8225

Vocational and Further Training Institute for Health Care

Hungarian Foundation for Enterprise Promotion, 1063 Bp. Bajza u. 31.

Public Foundation for Open and Distance Learning, 1061 Bp. Paulay Ede u. 45. Tel: 36 1 343-5938, 343-5939

National Coordinating Unit for the Leonardo da Vinci Programme, 1143 Bp. Id u. 2. Tel: 00 36 1 343-0012/ Fax: 00 36 1 343-0164

TEMPUS Public Foundation, 1143 Bp. Ida u. 2. Tel: 00 36 1 343-0012/ Fax: 00 36 1 343-0164

Research Institute for World Economy, 1122 Bp. Kálló esperes u. 15. Tel: 319-9383/ Fax: 319-9385

SEED Foundation, 1024 Bp. Rómer Flóris u. 22-24 Tel/Fax: 212-2179, 316-4987

4.5 *The role of the Hungarian National Observatory in research on vocational training and on labour*

In 2000, the Hungarian National Observatory will be in a favourable position in the area of research because the role played in the field of research by its umbrella institution, the Hungarian Vocational Training Institute, has been reinforced. The intention of the vocational training administration is that, in the future, the Observatory will be the organisation entrusted with the coordination of international research programmes in the area of vocational training.

During the recent past, the Observatory also carried out a number of research-type programmes. In 1999, there were two developments, which were also supported by the European Training Foundation, which are worth mentioning.

➢ **An international seminar was held on 12 February 1999 in Budapest as the closing event of the programme *"Social partnership in the area of vocational training – the development of a trade organisation"*. The participants in the seminar adopted a set of conclusions in which a number of points were made.**

- The Conference established that the number of trades listed by the Hungarian National Register of Vocational Qualifications was larger than in any of the other participating countries. The participants agreed that most of the proposals on the development of skills and training programmes came from the government side. On that basis, the Conference thought that it would serve the interests of both sides if Hungarian actors were made aware of reconciliation mechanisms, which had been used successfully in the European Union, to encouraged employers and employees to take initiatives in this regard. This task would fall within the professional competence of the Hungarian National Observatory, which could exploit the possibilities offered by information technology to prepare and distribute foreign case studies and organise relevant training courses.
- The Conference established that the partners have a joint interest in the development of training standards, the inclusion of which in the Hungarian skills structure would greatly help the mutual recognition of Hungarian and foreign qualifications and their transparency. The Conference agreed that, with European Training Foundation assistance, the Hungarian National Observatory has sufficient domestic and international connections to carry out this task through targeted projects.
- Local training programmes often do not reflect the requirements of the labour market of the region. In most cases, schools accept the recommendations of the central programmes instead of developing their own tailor-made training programmes. The Conference established that it is in the joint interest of the partners to cooperate in the development and implementation of the school training programmes and in related tasks such as the development of textbooks and teaching aids, drawing up recommendations and the further training of teachers, including trainers engaged in practical training in companies. The partners, however, may require the help of a consulting organisation, which, on the basis of its international experience and knowledge, can help in the development of dialogue and in the execution of development projects.
- The Conference established, that, as far as training is concerned, the least amount of information is available about courses organised within the company, which are intended to improve the knowledge of the staff but which do not lead to a state certificate in some skill. Nevertheless, it can be argued that the content of courses of this kind are best fitted to labour market requirements and it is important, from the point of view of employment policy, to

gather and distribute information about them. The collection, processing and distribution of these data would be in the interests of the government, employees and employers alike. Thus, the Conference believes that activities of the Hungarian National Observatory in this area deserves support.

- **The programme *"The International and National Transparency of Vocations"* was executed with the support of the European Training Foundation through the participation of the Hungarian National Observatory in the EURONETREF and EUROCERT programmes. A comprehensive study on this topic was published in Hungarian by the Observatory and an international conference, held on the 21 February 2000, discussed the study.**

5. Responsible bodies

5.1 Participants, roles and links

Responsibility for vocational education and training is shared among several ministries and important key bodies. In 1998, following the national elections and the launch of the new government programme, significant changes took place with regard to the vocational education and training responsibilities of the different ministries. The activities of the former Ministry of Labour are distributed to three ministries, the Ministry of Education, the Ministry of Social and Family Affairs and the Ministry of Economic Affairs. The other key bodies continue to play the same role as before in the vocational education and training system.

Vocational training is very much an area where a lot of co-operation takes place and there are many parties involved in it, from both the State and from industry.

Since 1990, the Ministry of Labour and, since 1998, the Ministry of Education have the tasks of co-ordination on behalf of the government. Other ministries also have significant tasks, as have the economic chambers since 1995. Since 1990, the local authorities have the task of managing schools.

The main tasks of the Minister for Education include:

- the issuance of general regulations on vocational training;
- efficient coordination; and
- the provision of educational documentation needed for the operation of vocational training in schools, including the development of the central programmes and curricula.

The 14 other ministries are responsible for the issuance of vocational and examination requirements and for the operation of examination committees.

As from 1 January 2000, the Minister for Education is responsible for all the vocational training that previously fell under the competence of the Ministry of Economy. Thus, the Ministry of Education now has responsibility for the coordination for over half (545) of the total number of skills for which training is provided. The responsibility of the Ministry of Economy in vocational training has been transformed accordingly but the procedure to bring about these changes has as yet not been finally completed.

5.2 Managing institutions

At present, the Hungarian vocational education and training system is under the control of the different ministries and key bodies at national, regional and local levels.

5.2.1 The Ministry of Education

The Ministry of Education is responsible for:

- the development of vocational training;
- the supervision of school-based vocational training;
- the development of adult training; and
- the Vocational Training Fund.

The activities of the ministry are managed by the Deputy Secretary of the State and, in addition, two officials from the Office of the Prime Minister assist the Minister for Education in the field of vocational training.

Within the Ministry of Education, there are four departments involved in the area of vocational training:

- the *department in the Secretariat of the deputy Secretary of State which is responsible for coordination* and whose main activities are the preparation of work plans, the organisation and planning of meetings and participation in the preparation of announcements and publications;
- the *financial management department* supervises and coordinates the distribution of financial sources for the development of vocational training;
- the *department of vocational training* which coordinates the development of vocational training, follows developments in the legal system closely, supervises the improvement of textbooks, approves examination topics in professional examinations, cultivates international contacts and takes part in the European Union accession process; and
- the *department of adult training* which is involved in drawing up the Act on Adult Training, supports developments in this field and focuses attention on the process of adult training.

The departments of vocational training and of adult training are jointly responsible for the coordination and implementation of the World Bank Programme.

Within the Ministry of Education, two other Deputy Secretaries of State are responsible for general and higher education. From a professional viewpoint, this means that three Deputy Secretaries of State coordinate changes in this area in Hungary.

Of the two remaining Deputy Secretaries of State working in the Ministry of Education, one is responsible for international relations and the other for economic affairs.

5.2.2 The Ministry of Social and Family Affairs

The Ministry of Social and Family Affairs is responsible for the coordination of labour force training, with particular regard to labour market activities related to unemployment, and social problems.

In addition to managing these activities, the Deputy Secretary of the State supervises the network of Regional Labour Development and Training Centres (RLDTC) and the institutional system of Labour Centres.

5.2.3 *The Ministry of Economic Affairs*

The Ministry of Economic Affairs is responsible for implementing active employment policy, for establishing what is required in the field of employment and for developing targets, the means and the institutional system necessary to achieve it.

5.2.4 *The Ministry of Interior Affairs*

The Ministry of Internal Affairs is responsible for state assistance to education and school-based vocational training. The section of the budget earmarked for education and vocational training, up to the award of the first vocational qualification, is disbursed to local authorities and, through them, to the managers of kindergartens, primary and secondary schools, including apprentice schools, and vocational secondary schools.

5.2.5 *Local authorities*

Local governments play a major role in managing general education. They take decisions on issues of modernisation, reorganisation, finance, closure, foundation etc. Local authorities appoint school directors, approve the establishment of schools and local teaching programmes and assess the effectiveness of schools.

5.2.6 *The National Vocational Training Council*

The National Vocational Training Council (NVTC) was established by the National Vocational Training Act, which was last modified in 1995. This national body is responsible for preparing decisions about vocational training and for providing professional opinions on the duties connected to the management of vocational training.

5.2.7 *The National Economic Chambers*

The National Economic Chambers, Industry and Trade, Agriculture and Crafts, were set up by Act XVI/1994 and began operations on 1 January 1995. The 1995 amendment to the Act on Vocational Training (LXXXIV/1995) defined the duties of the economic chambers in relation to vocational training. These include the supervision of work placements, in order that the training provided in different places is homogeneous in quality and that it corresponds to the needs of the whole economy and not just the narrow interests of the undertaking providing the training. The economic chambers can also decide the qualifications for which master-level training and master examinations can be organised. They are entitled to participate in vocational examination committees and are required to be involved in putting forward proposals on vocational training and in preparatory activities for their implementation on national and regional levels.

5.2.8 *The Hungarian Vocational Training Society*

The Hungarian Vocational Training Society was established as an independent professional and social body in 1989. Among its main objectives are support and monitoring of vocational education and training development.

5.3 Executive institutions

5.3.1 The National Institute of Vocational Education

The sphere of activity of the National Institute of Vocational Education includes:

- curriculum development;
- continuous development of the National Register of Vocational Qualifications;
- preparation of the National Register of Vocational Qualifications for publication;
- preparation of the core curricula;
- organisation and coordination of research; and
- curriculum development for the disabled.

The National Institute of Vocational Education provides the following services:

- further training of teachers;
- management of the training centre in Esztergom;
- support and coordination of labour market training programmes;
- information and information technology services;
- a library;
- publication of books and two periodicals ("Szakoktatás","Szakképzés"); and
- running the examination centre of the Ministry of Education.

The International activities of the National Institute of Vocational Education include:

- preparation and implementation of bilateral and multilateral programmes; and
- management of the Hungarian National Observatory Project.

5.3.2 Other institutes attached to the Ministry of Education

The National Institute of Vocational Education is supervised by the Deputy Secretary of State for vocational training. It is one of four institutes attached to the Ministry of Education. The remaining three are:

- the National Institute of General Education;
- the Education Research Institute; and
- the National Office of General Education Service.

All of these are supervised by the Deputy Secretary of State for general education. With the exception of the National Institute of Vocational Education, significant reorganisation is expected inside all these institutes in the future.

5.3.3 The Vocational Training Institute of Agriculture

The Vocational Training Institute of Agriculture is under the control of the Ministry of Agriculture and Rural Development. It develops activities and provides services in this sector.

5.3.4 The Vocational and Further Training Institute for Health Care

The Vocational and Further Training Institute for Health Care is run by the Ministry of Health Care. It develops activities and further training programmes in this sector.

5.3.5 The Foundation for Open Vocational Training

The Foundation for Open Vocational Training started operations at the beginning of 1998. Part of the 1997 Vocational Training Fund was set aside for the establishment of the Foundation. The operation of the Foundation is supervised by a board of trustees and its activity include the creation of distance education programmes, the development of curricula and the promotion of equal training opportunities for those living in less developed or underdeveloped regions.

5.3.6 The Regional Labour Development and Training Centres

The Regional Labour Development and Training Centres (RLDTC) are run by the Ministry of Social and Family Affairs. They hold intensive, flexible, customised courses for adults in the county employment centres, or as required by companies and entrepreneurs. In addition, they provide guidance and counselling for small and medium-sized enterprises and continuously upgrade their training programmes and materials.

5.3.7 Vocational schools

The principal function of vocational schools (secondary schools which provide skills training and vocational secondary schools) is to provide training via the school system. In addition to their basic activities, the schools organise training and further training programmes for adults. In association with institutes for higher education, preparations have commenced for the provision of accredited higher vocational training in these schools.

5.3.8 Universities and colleges

Universities and colleges will organise accredited higher vocational training in association with secondary vocational schools, since it is principally the latter that have the facilities for practical training that the universities lack (i.e. workshops and experienced instructors). Agricultural universities and colleges will also have to cooperate in the field of practical training, to provide the most suitable facilities for students.

5.3.9 Private training institutions

Private training institutions, such as church schools and commercial organisations and enterprises, also carry out training courses.

5.3.10 The National Centre for the Appraisal of Public Education and of Examinations

The objective of the amendment to the Act on Public Education was to raise the quality of public education and to guarantee standards in it.

This is to be achieved in three ways:

- by supplementing the regulations on content by the development of framework curricula;

- by increasing the State's role in financing; and
- by establishing a national valuation and quality assurance system.

The National Centre for the Appraisal of Public Education and of Examinations (Országos Közoktatási Értékelő és Vizsgaközpont (Országos Közoktatási Értékelő és Vizsgaközpont = OKÉV) is an institution which was set up, by the amendment, to help achieve these aims.

The tasks of the Centre are:

- at the request of the various actors involved in public education, to carry out surveys on the quality of education at national, regional, county, Budapest, settlement and institutional levels, to develop guidelines, outline current tasks, evaluate performance and process the results of the surveys;
- to introduce the national system of quality assurance, having first carried out the necessary preparatory work and prepared and tested a tender procedure;
- to organise the development of baccalaureate and basic culture examinations, to ensure that these and other, non-school, examinations are properly carried out;
- to coordinate and manage the work of experts in public education and of chairpersons of examination committees;
- to collect and process statistics data on public education;
- to help produce development plans and public education measures; and
- to reports on its operation in publications and annual statements to the minister in charge and to the public.

The examination centre operates a central office with limited staff and with the co-operation of seven regional offices.

5.4 *The social partners in vocational training*

The new structure in vocational training has been established on a tripartite basis (government, employers and employees). 1993 saw the establishment of the National Training Council (Országos Képzési Tanács = OKT), which was given responsibility for discussing all training issues and formulating a position on them.

The amendment to the Act on Vocational Training, which was approved on 10 October 1995, established the National Vocational Training Council (Országos Szakképzési Tanács)

The Act stipulated who the members of the Council should be and identified the tasks it should carry out.

The Council operates as a national board preparing professional decisions, making comments and submitting proposals on issued related to vocational training. Representatives of employers, employees, the economic chambers, schools managers and the ministries responsible for vocational training all participate in its work.

The members of the Council are chosen by the Minister for Education.

The National Vocational Training Council:

- makes comments and takes position on matters affecting the development of the vocational training system;

- makes comments on draft legislative proposals affecting vocational training;
- makes comments on the range of skills which can be obtained and submits proposals on the introduction of new skills;
- submits proposals on trade requirements, training materials, the development of new procedures and the provision of financial resources;
- evaluates the performance of vocational training and counselling, the use of teaching materials and professional requirements; and
- carries out an annual survey on the experience of new graduates of vocational training schools in finding jobs, with particular regard to unemployment, and submits recommendations on the institutions responsible for the facilities providing vocational training.

Since its establishment, the National Vocational Training Council has been meeting almost every month. Its annual work plan deals with current issues in vocational training.

5.5 *Key issues in relation to management*

The development of vocational training depends not only on the distribution of financial resources but also on the legislative framework within which it operates. Since its establishment, the National Vocational Training Council has been engaged in the preparation of several acts, decrees and other documents on the control and management of vocational education and training. The following deserve special mention:

- the long-term development programme for vocational training, which was approved by the Government by Resolution No 2015/1996. (I. 24.);
- comments on the draft joint decree of the MüM and the MKM on funds for vocational examination fees and the fees to be paid to the examiners, which decree was promulgated as Decree No 5/1996. (VI. 4.);
- comments on the draft amendment to 10/1993. (XII. 30.) MüM on the general rules and procedures governing vocational examinations;
- a draft amendment to Decree No 9/1997. (IV. 28.) on contributions to vocational training and on the subsidy for its development;
- the discussion of the Bill on the modernisation of the system of contributions to vocational training and the system for subsidising its development, which was adopted by Parliament on 22 October 1996;
- the draft decree on the requirements for initial and continuing vocational training, which decree was promulgated as Decree of the Minister for Education No 45/1999 (previously 2/1997. ML (I.22.));
- contributions to the government decree on the accreditation of high level vocational training, which was issued as Decree No 45/1997. (III. 12.);
- the delineation of Vocational Training Council tasks arising from the transformation of the school structure;
- the draft decree on the organisation of contributions to vocational training, the disbursement of the subsidy for development and the regulations on reclaiming refunds; and
- the registration of new skills in the National Vocational Qualification Register and proposals on the issue of high level vocational training in accredited schools.

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6. Legislation

(see the list of acts in Annex 12)

6.1 *Present situation and further requirements*

Between 1948 and 1993, vocational training was governed by the Education Act. The preamble of Act LXXVI/1993 on Vocational Training states that:

- a flexible and differentiated vocational education and training system, consistent with changes in society, the requirements of the national economy and labour market demands and capable of contributing to economic development, should be developed in the Republic of Hungary; and
- in accordance with the right to study laid down in the Constitution and the right to work, there should be guaranteed provision of a first vocational qualification and this should mean that all citizens are given the opportunity to obtain the professional knowledge necessary for equal access to employment.

There were also decrees issued to introduce and implement the Act on Vocational Training. The National Vocational Qualification Register, the publication of which is provided for by the Act, is modified and improved annually. Until the elections of May 1998, the Minister for Labour published the new National Register of Vocational Qualifications every year in a decree. When the new government came into power, the Ministry of Labour ceased to exist and the task of publishing the National Register of Vocational Qualifications passed to the Minister for Education as the central manager and coordinator of vocational training (Government Decree No 162/1998 IX.30). In 1996, the International Standard Classification of Education (ISCED) levels were applied, for the first time, in Hungary. The system is still in operation and provides for the inclusion of accredited higher vocational training qualifications.

The legal framework adapts rapidly to changes in economic life and laws and decrees are under continuous review.

There are two main problems in the area of vocational training law.

- Vocational examination requirements are the means of regulating output from the vocational education and training system and must meet the needs of the labour market. However, modification of the National Register of Vocational Qualifications has taken longer than expected. Because of the large number of occupations on the Register, central programmes are taking longer to develop and this delays the introduction of the new courses in vocational education and training institutes and schools.
- Teachers' salaries, which are linked to the public service scales, are low and, as a result, teachers take on second and third jobs and are simply too tired to adapt to changes in the vocational education and training system and to apply every innovation and improvement in their schools. The State or the local authorities must provide better working conditions for teachers. Otherwise, the whole development programme could fail as teachers who can find work outside the public sector will leave to escape impoverishment and the quality of the education and training system will suffer.

6.1.1 Legislative processes and co-ordination with other policy areas

Act XXIII/1988 on the Vocational Training Fund and Contributions to Vocational Training, which was amended last in December 1996, is the second pillar of the Hungarian vocational education and training system and deals with financial aspects of the system. Act LXXVII/1996 on Contributions to Vocational Training and Development of Vocational Training is also of relevance here[6]. This Act was last amended by Act LXXXVI/1998, which transfers all rights and responsibilities regarding contributions to the Vocational Training Fund part of the Labour Market Fund from the Ministry of Labour to the Ministry of Education

The establishment and operation of the economic chambers are governed by Act XVI/1994. This legislation set up three new chambers, as well as the Hungarian Employers' Association. Act LXXXIV/1995 modified the Vocational Training Act and set up the National Vocational Training Council. Clause 9 of that Act specifies that:

- the National Vocational Training Council is a national body, made up of representatives of employers, employees, the economic chambers, school managers and the ministries responsible for vocational education and training, which prepares decisions and makes comments and proposals on vocational education and training policy; and
- members are appointed for a period of three years after consultation with organisations on the Council.

In addition to the Acts on Vocational Training and General Education Acts, it is important to mention Act IV/1991 on Employment Assistance and Unemployment Benefit. This Act has been amended several times and the current version was voted by the Parliament on 22 December 1998. The decrees which introduced and implemented the provisions of the Act are:

- Minister for Labour Decree No 6/1996. (VII. 16.) on financial assistance for employment and on subsidies from the Labour Market Fund for managing employment crises, which was modified last in March 1998;
- Minister for Labour Decree No 8/1996. (XII. 18.) on the management and use of the Labour Market Fund, which was modified last in January 1998; and
- Minister for Labour Decree No 9/1996. (XII. 20.) on the institutional structure of the labour market, the spheres of responsibility of each constituent body in that structure and other issues of organisation, which was modified last by Decree No 4/1998 (XII.16.) of the Ministry of Social and Family Affairs.

All these new decrees and amendments to existing laws required major efforts and were achieved through continuous co-operation with the social partners. In drawing up the legislation, changes in finance had to be borne in mind. Furthermore, all new laws have to be harmonised with European Union law, in preparation for accession.

In the education sphere, equal opportunities can be regarded as implemented in Hungary, as there is no discrimination against women in schools or training. International studies on teaching show that there is no significant difference between the achievement of boys and girls. Moreover, the ratio of girls to boys in grammar schools is 2:1, though this ratio is reversed in institutions that offer skills training and is equal in vocational secondary schools. More women than men acquire university degrees or college diplomas. In terms of employment, over half those employed in light industry, trade, catering and services are women.

Health and safety at work regulations are included in Act No XCIII/1993 on Safety at Work. There have been four amendments to this Act, the last of which, CII/1997, came into force in November 1997. Deficiencies in the legislation were covered by Act No LXXV/1996 on the Inspection of Employment, which was amended last by Government Decree No 69/1996, in May 1996.

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[6] For more information on finance, see Chapter 7

7. Financing of vocational education and training

Table 7.1 Public expenditure on vocational education and training as a % of total public expenditure

Expenditure in 1997	HUF million
Expenditure on education[7]	365,609.00
Expenditure on vocational education and training	69,133.60
Total public expenditure	2,703,051.00
Expenditure on education as % of total public expenditure	13.53
Expenditure on vocational education and training as % of total public expenditure	2.56
Expenditure on education as % of GDP	4.28
Expenditure on vocational education and training as % of GDP	0.81

Sources: Central Statistics Office, Education and Training, 1988-1997
Vocational Training Review, 1998
Central Statistics Office, Statistics Yearbook, 1997

In addition to state budgetary expenditure, there are other funds which provide resources for vocational training. Vocational training contributions, which amounted to HUF 25,061 million in 1997, have, for years, been one of the major sources of finance for school-based vocational training. These contributions come from:

- the Vocational Training Fund (HUF 7,918.4 million in 1997),
- direct support to schools (HUF 9,867.6 million in 1997) and
- training in enterprises (HUF 7,275.0 million in 1997).

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[7] Data concern public expenditure

Table 7.2 ***Public expenditure on training and the total public expenditure on active and passive labour market policies***

HUF million	1996	1997	1998
Expenditure on training	3,122.60	7,145.00	7,368.00
Total active employment measures	16,844.20	27,266.30	28,885.60
Expenditure on training as a percentage of expenditure on active employment measures	18.54	26.20	25.51
Total passive employment measures	53,314.80	55,806.40	64,122.40
Total (active and passive) labour market measures	70,159.00	83,072.70	93,008.00
Expenditure on training as a percentage of expenditure on active and passive employment measures	4.45	8.60	7.92

Source: Labour Market Department of the Ministry of Social and Family Affairs

The data would indicate that expenditure on training has doubled but it should be noted that, since 1997, expenditure on training includes supplementary expenditure related to training. This supplementary expenditure amounts to about 30% of total expenditure on training.

Supplementary expenditure related to supported training includes:

- wage compensation support for the unemployed;
- wage supplement support for the employed; and
- other expenditure (travel, accommodation, meals etc).

7.1 Financing the development of vocational training and reconciling different interests

In Hungary's preparation for accession to the European Union, issues related to the system of vocational training are very important. The analysis of issues related to education began as soon as negotiations started. Vocational training was of particular concern as the European Union regards other areas of education as national matters.

7.1.1 Financing the technical development of vocational training

The Skilled Workers Training Fund

In recent decades, the subsidy system, which is related to the system of contributions to vocational training, started with Government Resolution No 2013/1971 (IV. 28) and has had a fundamental effect on the way the development of vocational training is financed. The Resolution provided for the sharing of the costs of *vocational training* between the state, on the one hand, and co-operatives and companies, on the other. The justification for the introduction of the system of contributions to vocational training was that, though the actors in the economy needed trained labour, they had not contributed to the costs of training and development. In an economic structure based, mainly, on state companies, it was reasonable for the state to cover the costs of the development of vocational training. During the early 1980s, however, with the growth of the co-operative and private sectors, it was proposed that the costs of the development of vocational training should be shared by the different actors in the economy.

The first fund for the development of vocational training, the Vocational Training Fund, was established by a joint decree of the Ministry of Labour and the Ministry of Finance, Decree No 2/1992. (I.8.). In the last few years, the essentially unique institutional structure established for the development of vocational training has undergone significant changes in form and content. This has involved not only legal modifications but also a change in the name of the contribution and of the fund.

This, of course, does not mean that several different funds have been available for the development of vocational training. There has been just one fund whose name has been changed repeatedly to conform with changes in legislative regulations. Thus, the Fund for the Training of Skilled Workers became, first, the Vocational Training Fund and, then, the Vocational Training Fund section of the Labour Market Fund. For the sake of simplicity and clarity, the fund will be referred to from now on as the Vocational Training Fund.

Table 7.3 Changes in the name of the funds available to support vocational training and the Acts that introduced these changes

Name	Reference
Contribution to the Training of Skilled Workers – the Skilled Workers' Training Fund	Joint decree 2/1972. (I. 8.) MüM-PM
Contribution to Vocational Training – the Vocational Training Fund	Act XXIII. of 1988 on Contributions to Vocational Training and on the Vocational Training Fund
Contribution to Vocational Training – part of the Labour Market Fund	Act IV of 1991, as amended by Act CXXIV of 1995

7.1.2 *The Act on Contributions to Vocational Training and on the Subsidy to the Development of Vocational Training*

An important milestone in the sequence of changes occurred in 1988, when regulation by decree was replaced by regulation by legislation, i.e., Act XXIII of 1988 on Contributions to Vocational Training and on the Skilled Workers Training Fund. The Act was passed by the Hungarian National Assembly on 22 December 1987 and came into effect on 01 January 1988. The Act has been amended four times, because requirements arising from the transformation of the political and economic system had to be met. Although it was passed in the year before this transformation began, the Act contained very progressive elements which contributed a great deal to developments in the 1990s.

The Act made contributions to vocational training mandatory for certain employers of skilled workers, though the contributors were given considerable autonomy in deciding how their obligations were to be met. The law made it possible for active participants in the economy to play a direct part in the provision of vocational training and laid down that those who did not directly participate had to make a financial contribution.

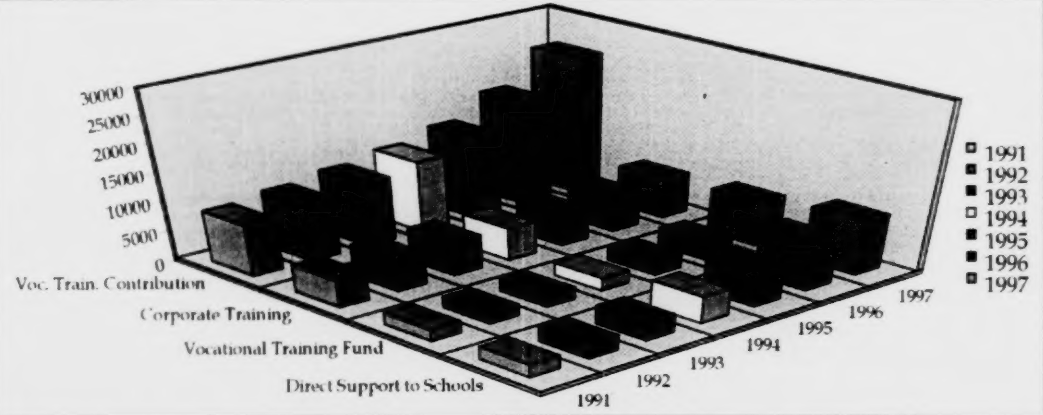
7.2 Contributing to vocational training

In every case, the rate of contribution was set, initially at 1.5% of the payroll (1.0% for those in the agriculture sector) but the basis for calculating the contribution has been changed continually in the different amendments to the Act. As from 1 January 2001, companies operating in the agricultural sector will also have to pay a contribution of 1.5%. Until that time, the payment obligation of those engaged in agriculture will increase annually by 0.1%.

Table 7.4 The structure of the contribution to vocational training 1991-1998 (HUF '000)

Year	Contribution to vocational training	Training by companies	Vocational Training Fund	Direct subsidy to schools
1991	9,366	4,940	2,077	2,349
1992	10,365	5,700	1,977	2,688
1993	11,536	6,100	2,120	3,316
1994	12,999	5,900	2,256	4,843
1995	14,999	5,900	2,745	6,354
1996	19,146	6,580	3,277	8,960
1997	25,060	7,275	8,013	9,867

Chart 7.1 The structure of the contribution to vocational training 1991-97



The way the Vocational Training Fund, which is formed from contributions to vocational training, operates is very different from the way other, separate funds operate.

This is particularly true with regard to the payment of contributions. In other, separate state funds, contributors are give no choice in how to meet their payment obligations. Generally, the contributor is required to pay a fixed sum into a separate account. In the case of vocational training, however, the contribution can take various forms:

- a co-operation agreement with a school, concluded on the basis of the provisions of the Act on Vocational Training, to provide practical training, or a contract with students, concluded on similar basis, specifying the practical training to be provided;

- a co-operation agreement to provide a development grant of up to 75% of the gross contribution to a vocational school in order *to improve the conditions of vocational training*, which grant can be listed as "other expenditure" in the accounts;
- the provision of training for the contributor's own workers, in a form that is recognised by the State, on the basis of a training or education contract, to a maximum cost of 0.2 percentage points of the mandatory contribution;
- the joint organisation of practical training in one facility by several companies that have contribution obligations;
- an agreement between two companies to have one provide practical training and the other cover the costs to the extent specified in the appendix to the Act; and
- payment into a special account managed by the State tax authority.

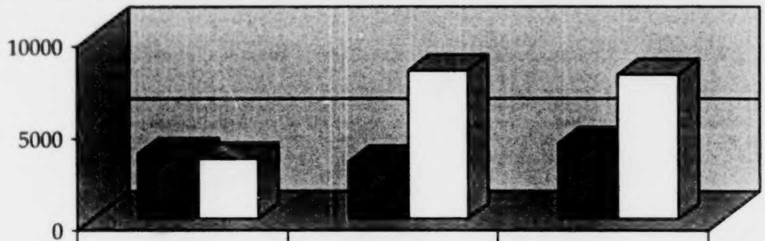
In the period after the transformation of the political/economic system, many state enterprises stopped vocational training because of economic difficulties. In principle, this should have increased the level of contributions but, during the early 1990s, unemployment increased dramatically and many enterprises that used to provide vocational training went bankrupt or were closed down.

Rapid changes in the economic environment and the declining capacity of companies to contribute made it very difficult to foresee what the incomes of the fund would be and to plan expenditure. That was especially true when economic growth started and unemployment started to fall. In the past few years, there has been a significant increase in the volume of payments into the Vocational Training Fund.

Table 7.5 Expected and actual revenue of the Vocational Training Fund, 1996 - 1998

Year	**Name**	**Revenues**	
		Expected (HUF '000)	Actual (HUF '000)
1996	Contribution to vocational training	3,200,000	3,107,400
	Repayment of loan	100,000	71,600
	Other revenue (interest)	233,000	98,400
	Total	3,533,000	3,277,000
1997	Contribution to vocational training	3,000,000	7,918,400
	Repayment of loan	100,000	95,000
	Total	3,100,000	8,013,400
1998	Contribution to vocational training	4,000,000	7,800,000
	Repayment of loan	100,000	20,000
	Total	4,100,000	7,820,000

Chart 7.2 *Expected and actual revenue of the Vocational Training Fund 1996-1998*



	1996	1997	1998
■ Expected	3533	3100	4100
☐ Actual	3277	8013	7820

There were several reasons for the increase in the revenue of the Vocational Training Fund.

- The economic growth of recent years has lead to a significant increase in the rate of employment. With the increase in the number of employed persons, there has been a parallel increase in the volume of wages/salaries and, consequently, in the level of contribution obligations.
- As a result of economic growth, salaries have grown faster than inflation and this has resulted in an increase in the real value of contributions.
- Between the late 1980s and the end of 1995, there were no proper procedures in place to check reclaims and exemptions. These were introduced with the establishment of the Labour Market Fund. A further step to redress this situation was the establishment, within the Ministry of Education, of the Department of Subsidies to Vocational Training which was given responsibility for this area.
- Contributors are obliged to make advance payments half way through each year. The fact that payment have to be made more than once a year means that the sums due on each occasion are smaller lower and this makes payment easier.
- The fact that the contribution is to be paid into an account managed by the state tax authority and that the contribution to vocational training is listed separately on the company's tax declaration makes the obligation clear and unambiguous and this reduces the possibility of evasion.

7.2.1 *Subsidies granted in decentralised form*

Some of the resources available for the development of vocational training are distributed in a decentralised form. The ratio of such resources to total funds has been growing continuously. The rationale behind the increase in decentralised funding is that people involved in decision-making on a local or county level are much more aware of what the issues are and what areas should be supported. The experience of decentralisation has been quite positive in recent years. In order to ensure that decentralised activities are in line with national objectives, and with due regard to the opinion of the National Council of Vocational Qualifications, the minister sets out central guidelines. Keeping these in mind, the counties divide the funds they receive autonomously. In view of their special position they can supplement the central guidelines with their own considerations of what meets local requirements. During the last few years, the central guideline included the following main priorities:

- to encourage the establishment of structures for school-type training, in line with to local resources and requirements;

- to support proposals aimed at the development of the institutional system linking schools and the economy;
- to support technical and technology developments with the help of which providers are enabled to deliver training suited to the local labour market;
- to support flexible trade programmes and establish favourable, objective conditions for those who would serve the local labour demand;
- to support tenders aimed at improving the tools for training in information technology;
- to develop the facilities of training organisations already engaged in providing training in trade and economics and to new training bodies of this type if so required;
- to ensure favourable objective training conditions through the supply of instruments and equipment that reflect and use the latest technology;
- to provide subsidies to training facilities for young people from disadvantaged social groups;
- to develop the objective conditions for the vocational training of disabled young people, including people with dyslexia;
- to support the completion of projects which had already been launched;
- to support small enterprises – employing a staff of less than ten persons – by providing practical training on the basis of contacts with students;
- to provide grants to encourage schools delivering training in occupations that are no longer found valuable on the labour market to change their structure;
- to establish the technical conditions needed to follow the World Bank model, for vocational training schools which intend to follow this route;
- to establish the conditions needed to provide basic training in groups of vocations;
- on the basis of an agreement concluded with local authorities, to modernise and extend the training capacity of the centres providing practical training for the students;
- to ensure that the agricultural machinery provided for state-owned land and is made available for practical training;
- to develop, from an ecological point of view, the assets of places providing practical training, either within institutions engaged in vocational training or separately from them; and
- to complete projects which started with the support of an earlier programme.

7.3 Ideas in relation to the contribution to vocational training and to the development of the Vocational Training Fund

One of the current ideas on the development of vocational training is to establish a supporting institution similar to the Vocational Training Fund. Since its establishment, the Vocational Training Fund has been continuously developing. A major feature of that development is the growing range of objectives that are considered eligible for support. It should be remembered that, when the Fund was started, its objective was limited to developing the assets needed for practical vocational training.

Nowadays, the Fund supports all types of specialised training and their development. As in former years, the objectives of the Fund continue to be a subject of discussion. Some of the ideas that are put forward for the development of the Fund are listed below.

- The projects should help small and large companies, that is the direct actors in the economy, to provide training for increasing numbers.
- Those providing training to have their costs recovered to the greatest possible extent and funding procedures should recognise differences in the specific costs of different given industries.
- The legislative environment should change in a way that would increase discipline in the payment of contributions and the control of the utilisation of the Fund.
- In June 1999, the 0.2% ratio which could be used for training provided by the contributor was increased to 0.5%. The objective of the development of human resources could be served if this money could also be used - in a controlled way - for training in non-National Register of Vocational Qualifications subjects.
- It should also be possible to support training also in training attached to industrial enterprises.
- In addition to developing the technical conditions for training, the system should also provide better support to facilities offering training in theory.
- Development activities related to accession to the European Union should receive greater support than before.
- The system should also support training and related activities in universities and colleges.

The government programme, which was published in the summer of 1998, declared that the independence of the Vocational Training Fund should be restored. The partners in the reconciliation discussions on vocational training have been in dispute for years on issues pertaining to their own interests. There is, however, consensus in one matter: the Vocational Training Fund must be retained.

8. Bilateral and multilateral donors' contribution to vocational education and training reform

8.1 World Bank Project: "Youth Training Project Hungary"

The main purpose of the project is to help secondary school students and young adults in the transition from study to work and in their efforts to find a job and, consequently, to help reduce unemployment. The project has two subprojects (components).

Component "A: Post-secondary job-orientated training

Managed by the Ministry of Education, Adult Training Division

The subproject assists in the vocational training of young people after their secondary education. In addition, it helps young people to enter the labour market and aims at aligning the training projects with the needs of the local labour market. The subproject also aims to improve the opportunities available to those school-leavers who are above the compulsory school age, i.e., who have finished class 10 or are above 16 years of age.

Component "B: Secondary vocational orientation

Managed by the Ministry of Education, Vocational Education Division

The purpose of the subproject is to increase the number of vocational secondary schools which follow the general subject and trade-oriented curricula worked out in the framework of the World Bank-financed project "Human resource development" and in the course of the relevant European Union Phare project. It also at modernising vocational training in line with applicable European Union standards and at improving the educational materials used in vocational secondary schools.

Table 8.1 World Bank project data and financing

Project data and financing	
Project value	USD 60.1 million
Start of project	1 January 1998
End of project	31 December 2000
Project financing	*60% World Bank loan* DEM 62.9 million *40% local contribution* state budget (HUF 3,300 million) vocational training fund (HUF 1,500 million)

8.2 Results of the Leonardo Da Vinci Programme in Hungary (1995-1999)

Hungary was the first of the associated members of the European Union to join the Leonardo da Vinci Programme as full member. This it did on 1 September 1997.

In conformity to the practice in other European Union action programmes, Hungary has been paying the mandatory national contribution, the "entry ticket" for the participation in the programme, to the European Union. In the first phase of the programme, the sum of contribution was ECU 2,654,000 annually; half of which was paid from national funds and half from the Phare fund.

Hungary was unique among the associated countries in that, already in 1996 and prior to its official entry into the programme, the government supported the participation of Hungarian institutions in the programme. A subsidy from the Labour Market Fund made it possible for a total of 23 partner institutions to join foreign Leonardo programmes.

In the first phase of the Leonardo da Vinci programme, Hungary could use 90-95% of its national framework programme on projects of suitable quality.

The outstanding quality of the Hungarian applications greatly contributed to the fact that our results were not different from those of Members States of similar size.

In the category of pilot projects (centralised projects), Hungarian vocational training institutions could already apply, as project leaders, to the national office in early 1997. The successful projects became eligible for subsidy on 1 September 1997. The main applicant institutions concluded contracts with the European Commission and launched their projects in December 1997.

In November 1997, applications could be submitted, for the first time, for out-placement or exchange, i.e., decentralised, projects.

8.2.1 Pilot and outplacement/exchange projects

The main objective of pilot projects is to develop intellectual products which could contribute to the vocational training systems of both Hungary and the European Union Member States.

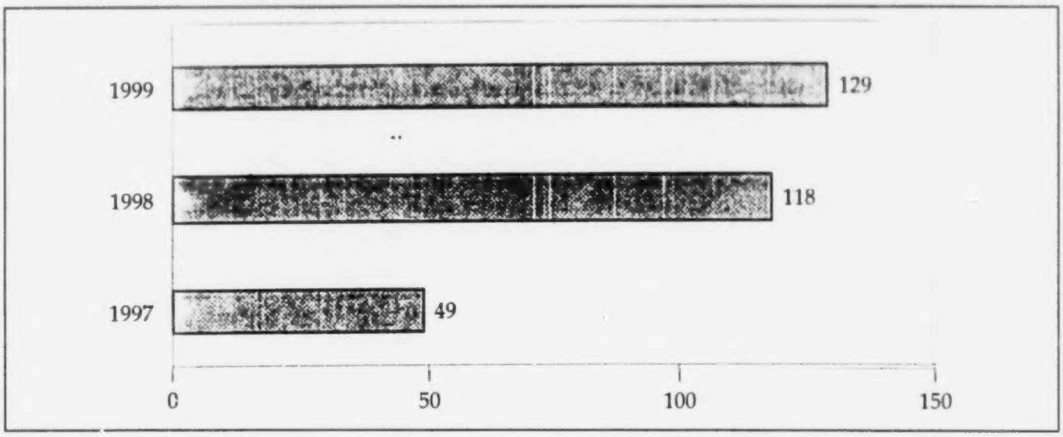
The pilot applications submitted so far fully reflect the objective of the programme and its aim too coordinate training with the economy. Applicants included, in addition to vocational schools and institutions of higher learning, chambers, local authorities and even private firms.

Participants in the out-placement/exchange projects include the secondary schools, institutions of adult training, colleges and universities.

8.2.2 *The results of the past three years of the programme*

Hungarian applicants have shown great interest in the programme, as can be seen in the rapidly growing number of applications. In 1997, 49 applications were submitted. That number grew to 118 in 1998 and to 129, or over twice the original number, in 1999.

Chart 8.1 Applications to the Leonardo da Vinci programme 1997-1999



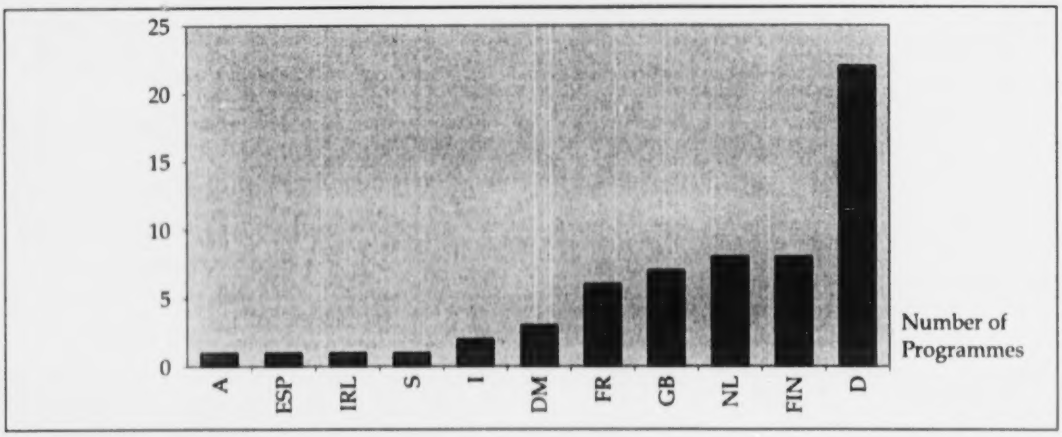
In 1997, only 23 applications were submitted for out-placement /exchange projects. This increased to 53 in 1998 and, in 1999, there were 77 applications or almost three times the number submitted in the first year.

In the category of pilot projects, the increase was greatest in the first two years. The number of applications submitted in 1997 was 26 and was 65, that is over twice the number of the first year in 1998. The number dropped to 52 in the latest round of applications, in 1999, which indicates that fewer institutions undertook to write projects with multiplier effects, as was specified in the instructions received from Brussels.

The ratio between the number of applicants from Budapest and the countryside shows how the country is covered. Although one fifth of the vocational training institutions in Hungary are situated in Budapest, the statistics during these three years do not always reflect that ratio.

In 1997, 70% of the applications came from Budapest, 30% from the countryside. The ratio in 1998 was about 60:40%, with the greater share coming from the countryside and, in 1999, the ratio was close to 50:50%.

Chart 8.2 Number of programmes



It can be observed that, in pilot projects where a Hungarian institution is the main applicant, the partners are, mostly, from France and Germany, which is an indication of the traditionally good relationship between Hungary and those two countries. Statistics also show, however, that Hungary's links are being extended primarily to the north and to smaller countries which, reflects the urge to find joint solutions to problems which are similar in partner regions.

In the Hungarian out-placement/exchange programmes, Germany enjoys a special place. An average of 20-22 projects annually are linked with Germany, which reflects the strength of Hungarian-German professional links as well as long-standing mutual professional and cultural interests arising from geographical vicinity. After Germany, the most popular partner countries in Hungary are Finland, Holland, the United Kingdom and France.

As regards the industries represented by the projects, one can see that the main emphasis is on areas which are of special importance for the Hungarian economy: agriculture (approximately 10-12 projects per year), economics (8-10 projects per year) and engineering (8 projects per year). Tourism, the building industry and health care are also among the favoured subjects (6-8 project per year).

8.3 Phare programmes in vocational education

The Phare programme has been providing assistance since 1990 in conformity with the priorities set by the Interdepartmental Committee of the Hungarian Government.

In Hungary, a Minister without Portfolio coordinates the Phare grants, together with the Grant-Coordination Secretariat supporting his work.

During the period 1991 to 1993, the National Institute of Vocational Education carried out a Phare programme called" Reform of the Vocational Education and Training system". The European Union provided support 1.5 million ECU for the programme that was put to use of in the following three areas:

- establishing up-to-date technology in the National Institute of Vocational Education (setting up an information centre, modernising the telephone exchange, installing a local computer network and creating databases);

- setting up a trainer network operating in foreign languages (establishing language laboratories in Budapest, Debrecen, Pécs, Szolnok, Szombathely and a interactive language laboratory in the further education centre of the National Institute of Vocational Education in Esztergom); and
- professional study-tour for subject teachers (200 secondary school teachers participated in the programme during which they examined vocational education and training systems in two European Union member countries).

The next programme supported by Phare was called "Employment and Social Development". The programme was implemented between 1993 and 1996 and had a budget of 20 million ECU. Two sub-programmes had a vocational training element:

- the "Juvenile Vocational Training Programme" which, in turn, had four subprojects and was carried out from 1994 to 1997, with the support of 11.45 million ECU; and
- within the framework of the "Secondary Vocational Education" subproject (1993), 21 secondary vocational schools, selected by the Ministry of Labour, adopted the World Bank Programme.

The goal of the project, "Extension of Secondary Vocational Education", was to promote the modernisation of secondary vocational education and the effective use of financial sources. Twenty-three schools participated in the project.

The aim of the subprojects "Transformation of Apprentice Schools" and "Expansion of the Transformation of Apprentice Schools" was to transform these schools to match the changed demand of the labour market and to widen their profiles in the area of secondary vocational education and training.

To further the vocational training of social disadvantaged young people, 19 vocational schools, specialised secondary schools, regional retraining centres and foundations participated in the programme. Their participation covered the following areas:

- obtaining machines and equipment;
- providing further training facilities for teachers and vocational trainers participating in the programme;
- providing financial support for training in higher education organising social-pedagogic and psychological training; and
- establishing partnerships with the Member States of the European Union.

Between 1995-1999, 425 million ECU will be spent on Phare programmes to prepare for accession to the European Union.

The main priorities of the programme are:

up to 30% of the support is to be spent on developing democratic institutions and strengthening public administration, so that they are able to introduce the *acquis communitaire*, and meeting the economic and political criteria for accession to the European Union; and

up to 70% is to be spent on financing capital projects for modernising enterprises and infrastructure in order to meet European Union requirements.

8.3.1 Current programmes coordinated by the Phare Programme Office of the Ministry of Education

Current programmes coordinated by the Phare Programme Office of the Ministry of Education include:

1994-1998 "Strengthening the relationship between education and the economy" Phare Programme HU-94.05; and

1998- "Supporting the social adaptation of young people from deprived backgrounds, especially young people of Romany background " Phare Programme HU-99.04-01

"Strengthening relationship between education and the economy"

The Phare programme HU 94 05, entitled "Strengthening relationship between education and the economy" was established, on the basis of national priorities set by the Hungarian education administration, with the objective of providing support to training, to the development of curricula and to the transformation of the structure of training. The ECU 8 million provided for the programme have been usefully spent, according to the expert who supervised the programme. Thanks to the work of several thousand experts over some four years, not only were plans completed but specific activities were started, agreements were made among various institutions, curricula and teaching materials were developed, links were established and maintained, further training forms were developed and new experimental courses were launched

In accordance with its title and original objectives, the Phare Programme invited applications in four major areas, or sub-programmes, in 1995.

Co-operation between higher education and the economy

This area covers the formation of new types of relationship between higher education and the economy, sandwich courses, the development of further training programmes organised at companies and the launching of these training courses

Making higher education more versatile

This is concerned with the establishment of an accredited system of vocational training at the higher level and the start of training at this level.

The development of distance learning

The area covered was the preparation of teaching materials for distance learning.

Secondary level training for young people from socially disadvantaged groups

The areas covered included the development of special vocational training and pedagogy programmes and different kinds of support to specialised schools teaching/training young people from socially disadvantaged groups.

8.4 Bilateral and multilateral funding for vocational education and training reform

Through a bilateral treaty, Hungary has initiated vocational education and training co-operation programmes with several countries. The implementation of the programmes is coordinated by the National Institute of Vocational Education. Until 1999, the National Institute of Vocational Education worked on the programmes listed below.

The German-Hungarian co-operation programme

In the framework of the programme the partners are decided to concentrate on two fields:

- developing of a qualification in logistics in Hungary; and
- developing ways of ensuring the more effective spread of ICT (Information and Communication Techniques), which deals with technical and economic area.

The partner institute was the German institute for vocational training, Bundesinstitut für Berufsbildung (BIBB.)

The Flemish-Hungarian co-operation programme

The project started in February 1998, with the goal of introducing the up-to-date knowledge of domotics systems (EIB-European Installation Bus) in secondary education. At the end of 1999, the first European Installation Bus examination centre was established in the National Institute of Vocational Education.

The partner institute was the Flemish institute, Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding (VDAB).

The Swiss-Hungarian co-operation government programme

This consists of several subprojects, two of which are particularly interesting.

High-technology project

Within the framework of this project, the partners established the network of 6 regional technology centres and held retraining courses for teachers in them. The centres are equipped by high tech robots, CNC machines and CAD/CAM systems.

EFQM project

The project aims at involving 30 vocational training institutes in a self-evaluation system. The project includes two rounds for participants – the first round for odd criteria and the second for even criteria. Self-evaluation of even criteria were finished in 1999. In addition, the National Institute of Vocational Education is considering establishing a Managers' Club in 1999, with the participation of the managers of the institutes taking part in the self-evaluation process.

The UK-Hungarian co-operation programme

The National Institute of Vocational Education has been co-operating for several years with Trowbridge College in England in a programme named "Vocational Training to Acquire Competence in Particular Fields in the Wood Industry and the Garment Trade".

The Dutch-Hungarian co-operation programme

The Dutch government provides support to a programme "Equivalence of Vocational Training" between the years 1998-2000, through the Bureau CROSS government agency. The National Institute of Vocational Education is the Hungarian coordinator of the programme.

The French – Hungarian co-operation programme

The National Institute of Vocational Education has been co-operating with the AFPA (Association pour la formation professionelle des adultes, Paris) since 1996. Within the framework of the programme, "Individual Training in the Field of Catering and Tourism", the National Institute of Vocational Education carries out the adaptation of methodologies and trains trainers.

Other programmes of the National Institute of Vocational Education

The National Institute of Vocational Education is continually trying to extend its international relations through the development of multilateral programmes.

The Central and Eastern European Vocational Education and Training Club was established in Esztergom in 1995. At the end of that year, the first meeting of the Club was held in Prague, on the topics of vocational education and training schemes and vocational qualification databases. Participating countries gave lectures, which were published by the National Institute of Vocational Education with the financial assistance of the German BIBB and the European Training Foundation. In subsequent years, participants discussed post-secondary training and issues relating to the development of teaching materials. In 1998, the meeting on the topic of further training was held in Slovenia.

8.5 *The Hungarian National Observatory*

At the end of 1995, the European Training Foundation signed a contract with Hungary, the first among the partner countries, on the coordination of the Observatory Programme. The National Observatory provides information to the European Training Foundation on the Hungarian vocational education and training system and the National Institute of Vocational Education disseminates information from the European Training Foundation to players in the Hungarian vocational education and training system. A Correspondence Network, in which the ministries, the social partners, professional bodies, teacher training institutes, the Hungarian Vocational Training Society, ESHA - Hungary, the Association of Adult Training Enterprises and the National Institute of Vocational Education have one delegation each, assists the two-way flow of information. The members of the Correspondence Network took part in a Staff Development Programme in 1996 with the support of Phare, part of which involved a study-tour to become familiar with vocational education and training in the European Union Member States. At present, the members of the Advisory Body of the National Observatory are the members of the Correspondence Network.

In 1998-99, the National Observatory, with the help of the European Training Foundation, joined the EURONETREF programme. It is the only participant institute from outside the European Union Member States. The programme was already in its second phase by that time. With the help of the five countries that participated in the first phase of the programme, and which had more experience, the 1998 work plan of the "A group" was drawn up.

The A group, of which Hungary is a member, started to set up a national reference system, with the assistance of B group members. To enhance effectiveness, a mentor was appointed for each country. Germany was chosen as a mentor for Hungary.

In addition, the National Observatory worked on studies in the following areas.

Teacher and Trainer Training

The National Observatory prepared a pre-study on this topic, from the point of view required by the Foundation, and evaluated it with the help of experts. We published the final study and organised the third international conference on syllabus development.

Continuing Vocational Training

The National Observatory set up a team of experts to prepare the study, evaluated the pre-study in a two-stage process and, finally, published the study.

Relationship between vocational training and regional development

The National Observatory determined the target areas to be included, with the help of experts from the European Training Foundation, and then selected experts in the chosen target areas. We evaluated the study, with the help of a foreign expert, and took this evaluation into account in the final report. We presented the study to the Czech, Slovenian and Polish conferences organised on this subject and started arrangements to hold a similar conference in Hungary.

Other areas

The National Observatory are also working on a study on the *role of social partners*, analysing accredited higher vocational training, continuously producing statistical data for the European Training Foundation system (Key Indicators) and sending experts to various international events.

The National Observatory took part in the examination of the *equivalence of qualifications* and the transparency of qualifications in European Union Member States.

9. Constraints, challenges and further needs

It is well known that the development of the labour market is a fundamental element in the creation of a modern civil society and economy. The development of human resources, in the light of social and economic demands and potential, is a central consideration for the institutions of the modern market economy. Vocational training is, therefore, of vital importance for the future.

Vocational training is a bridge which leads the age group approaching adulthood from the education system into the world of work. For this reason, efforts have to be made to improve vocational training through medium- and long-term programmes.

9.1 *Medium-term programme to modernise vocational training*

9.1.1 *Modernisation of the National Register of Vocational Qualifications*

The modernisation and rationalisation of vocational training should take into consideration the demands of effectiveness and of the economy as well as international trends and national characteristics. The tasks involved include:

- modifying the content and structure of the National Register of Vocational Qualifications, and organising qualifications into a comprehensive system;
- preparing a schedule for professional and examination demands and for the modular restructuring of central programmes, in line with the directions and the terms of accession established by the EU, on the basis of the results of National Register of Vocational Qualifications monitoring, and as a means of enforcing and validating the principle of the modularity;
- preparing a schedule for the scientific analysis of the vocational training system, e.g., analysis of fields of activity and labour market prognosis; and
- developing textbooks and school equipment, in line with the principle of modularity.

9.1.2 *Quality assurance*

The development of quality assurance involves:

- setting up a methodological project on assuring the quality of vocational training, with a view to improving the efficiency of vocational training;
- establishing and promoting the work of a regional network dealing with quality assurance;
- providing technical support for introducing quality assurance in education institutions; and
- analysing operational experiences of the quality assurance system.

9.1.3 Adult training

The development of adult training involves:

- finding a comprehensive solution to the development and implementation of adult training and ensuring that the system of adult training is underpinned by appropriate legislation;
- participating in drawing up and implementing a law on adult training;
- promoting the introduction of Open and Distance Learning models as a tool of lifelong learning; and
- developing the training of trainers in the field of vocational training and of those involved in the management and control of vocational training.

9.1.4 Examinations

Developments envisaged include:

- developing a system of examinations to assess competencies, in co-operation with training institutions and institutions of higher education that provide professional services in this area; and
- assisting the chambers and the private sector to play a more effective role in the field of vocational training.

9.1.5 Equal opportunities

This includes:

- improving the opportunities open to disadvantaged persons and assisting them to participate in the labour market;
- participating in measures to ensure equal opportunities for persons with disabilities on the labour market;
- ensuring the preparation and elaboration of a complex programme to improve the prospects of young disabled persons;
- ensuring the adoption of further programmes for people with disabilities; and
- improving the provision of special training and rehabilitation for persons with disabilities.

9.1.6 Information services

Proposed developments in this area include:

- the establishment and operation of a comprehensive vocational training information system for international partners, schools, those involved in adult training, National Register of Vocational Qualifications users, those involved in career guidance and researchers;
- a survey of existing data and databases; and
- ensuring links between the information system and other national and international database systems.

9.1.7 The European Union context

Within the context of the European Union, the proposed developments include:

- deepening bilateral international relations (twinning programmes), establishing co-operative programmes and projects and promoting the mutual recognition of equivalent vocational qualifications in order to increase competitiveness;
- research on vocational training in the context of the accession to the European Union;
- developing a framework to determine necessary legal and professional requirements for accession; and
- implementing projects that deal with
  - equivalence and transparency,
  - the links between labour market and training,
  - continuing training,
  - the regional dimensions of vocational training and
  - the role of social partners in the development of vocational training.

9.2 The long-term development programme

The long-term development programme has several dimensions.

The first is an increase in the relative proportion of the qualified workforce. On the basis of his/her own skills and abilities, everybody should be able to obtain a qualification that gives him/her competitive opportunities on the labour market.

A second is the achievement and maintenance of international competitiveness in professional knowledge. This will require the continual, substantial renewal and modernisation of the training system and of methods to observe and forecast the skill requirements of the economy.

The basic vocational knowledge and skills should be provided within the school system, while specialised knowledge and skills should be acquired, increasingly, through participation in labour market training and the economy.

As far as financing by the State is concerned, in addition to the ability to perform certain functions competently, the cost effectiveness and rationalisation of training should also be taken into consideration.

In the area of adult training, a system for the continual training of the employed should be set up in addition to current arrangements for training the unemployed.

The statistics and information system should be aligned to international and European classification systems.

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Annex 1 - Economic development

Gross domestic product per capita in ECU, 1991-1998

Year	1991	1992	1993	1994	1995	1996	1997	1998
GDP	2,613	2,788	3,207	3,409	3,374	3,538	3,987	4,138

Source: Hungarian Statistics Yearbook 1998

Economic development in Hungary, 1989-1998

	Indices of GDP (1989 = 100%)	GDP growth (%)	Growth of industrial production (%)	Inflation rate (%)	Unemployment rate *	Yearly change in number of employed (%)	Yearly change in labour productivity[4] (%)	Growth of gross real earnings (%)
1989	100.0		-5.0	17.2	–	–	–	0.3
1990	96.5	-3.5	-9.3	28.9	–	–	–	5.7
1991	85.0	-11.9	-18.3	35.0	–	–	–	7.0
1992	82.4	-3.1	-9.7	23.0	9.8	–	–	1.4
1993	81.8	-0.6	4.0	22.5	11.9	-6.3	6.1	3.9
1994	84.1	2.9	9.6	18.8	10.7	-2.0	5.0	7.2
1995	85.4	1.5	4.6	28.2	10.2	-1.9	3.5	12.2
1996	86.5	1.3	3.4	23.6	9.9	-0.8	2.1	5.0
1997	90.3	4.4	11.1	18.3	8.7	-0.1	4.5	4.9
1998	94.9	5.1[1]	12.8[2]	14.3	7.8[3]	1.9	3.1	3.6

* *Unemployment rate has been calculated since 1992, according to the International Labour Organisation definitions, for the 15-74 age group.*

[1] *Average for the 1st and 3rd quarters of 1998.*
[2] *Average for January-November 1998.*
[3] *The sample of the Labour Force Survey has been broadened since 1998, so data are not fully comparable with earlier survey results.*
[4] *Gross domestic product per employee*

Sources: Hungarian National Bank, Central Statistics Office.

Structural changes in the economy, 1989-1998, (yearly changes in %)

	Industrial production	Employment in industry[3]	Labour productivity in industry[4]	Agricultural production	Employment in agriculture	Labour productivity in agriculture
1989	-5.0	–	–	-1.3	–	–
1990	-9.3	–	–	-4.6	–	–
1991	-18.3	–	–	-8.1	–	–
1992	-9.7	–	–	-16.5	–	–
1993	4.0	-9.7	15.2	-7.9	-24.0	21.2
1994	9.6	-4.2	14.4	-0.4	-6.3	6.3
1995	4.6	-3.2	8.1	2.7	-9.9	14.0
1996	3.4	-0.7	4.1	4.1	2.5	1.6
1997	11.1	1.5	9.5	-0.5	-0.4	-0.1
1998	12.8[1]	4.3	8.1	-5.3[2]	0.4	-5.7

[1] *Average for January-November 1998.*

[2] *Average for January-June 1998.*

[3] *The sample of the Labour Force Survey has been broadened since 1998, so data are not fully comparable with earlier survey results.*

[4] *Gross domestic product per employee*

Sources: Hungarian National Bank, Central Statistics Office.

Distribution of foreign investments by main branches, 1996-1997 (%)

Main branches	Distribution of foreign investments	
	1996	1997
Agriculture, hunting, forestry and fishing	1.2	0.9
Mining and quarrying	1.2	1.1
Manufacturing	39.2	39.2
Electricity, gas, steam and water supply	14.3	13.7
Construction	3.8	2.5
Wholesale and retail trade	12.0	12.8
Hotels and restaurants	2.5	2.5
Transport, storage, post and telecommunications	8.8	7.7
Financial services	9.0	10.5
Real estate, renting and business activities	7.4	8.3
Education	0.0	0.0
Public health and social work	0.1	0.1
Other community, social and personal service activities	0.5	0.7
Total	100.0	100.0

Source: Central Statistics Office 1999, Foreign working capital in Hungary 1996-1997

Investments by main branches, 3rd quarter 1999

	HUF Million	Volume indices, same period of the previous year = 100,0
Agriculture, hunting, forestry and fishing	17,783	86.6
Mining and quarrying	2,169	127.8
Manufacturing	167,041	105.6
Electricity, gas, steam and water supply	43,697	107.1
Construction	10,268	92.7
Wholesale and retail trade	43,927	107.6
Hotels and restaurants	5,548	126.3
Transport, storage, post and telecommunications	119,009	113.8
Financial services	20,747	92.8
Real estate, renting and business activities	96,142	101.8
Public administration, defence, compulsory social insurance	21,256	101.4
Education	13,917	107.2
Public health and social work	11,727	84.0
Other community, social and personal service activities	28,764	92.8
Total	601,995	104.2

Source: *Central Statistics Office database*

Distribution of capital investments by countries 1992-1997 (%)

Country	1992	1993	1994	1995	1996	1997
Germany	18.5	28.5	22.2	24.6	23.8	24.8
United States	12.4	21.0	14.3	16.0	17.1	15.4
The Netherlands	8.9	5.6	11.1	10.5	9.5	14.5
Austria	25.1	15.8	19.1	15.9	14.5	10.9
Great Britain	4.9	3.9	4.5	3.8	5.8	7.6
France	5.1	4.8	5.1	8.1	7.8	5.7
Italy	3.2	3.9	4.7	3.8	3.8	3.3
Belgium	2.9	3.2	2.1	3.1	2.6	2.9
Switzerland	4.3	2.0	3.9	2.9	2.3	2.7
Japan	2.6	2.6	1.9	1.3	1.6	1.5
Other	12.1	8.7	11.1	10.0	11.2	10.7

Source: *Central Statistics Office 1999, Foreign working capital in Hungary 1996-1997*

Countries investing the largest amount of capital by region, 1997 (%)

Region	Germany	United States	Austria	Netherlands	Great Britain	France	Total
Central Hungary	55.8	70.0	62.3	68.9	48.8	44.6	62.9
Central Transdanubia	4.2	13.5	6.1	16.3	1.3	3.6	7.8
Western Transdanubia	12.4	2.5	20.5	5.7	15.0	15.9	9.6
Southern Transdanubia	7.7	0.2	4.8	0.4	3.6	0.6	3.1
Northern Hungary	10.7	8.5	2.4	1.9	26.1	4.3	7.2
Northern Great Plain	6.2	2.7	1.8	2.6	1.5	2.0	4.5
Southern Great Plain	3.0	2.6	2.1	4.2	3.7	29.0	4.9

Source: Central Statistics Office 1999, Foreign working capital in Hungary 1996-1997

Number of enterprises by scale of enterprise 1992-1997

Type of enterprise	1992	1993	1994	1995	1996	1997
Enterprises with 0 employees	46,666	43,241	56,687	60,583	69,296	72,514
Enterprises with 1-10 employees	46,656	71,404	97,286	111,549	130,804	130,985
Micro-enterprises (total)	83,322	114,645	153,973	172,132	200,100	203,499
Small enterprises	10,199	11,739	12,914	12,941	13,152	
Medium-sized enterprises	4,580	4,567	4,521	4,244	4,153	
Large enterprises	213	213	263	320	361	
Other	2,120	2,226	2,543	3,053	3,644	
Total	110,434	133,390	174,214	192,690	221,410	224,812

Source: Central Statistics Office GII database

Number of private entrepreneurs by type of employees 1992-1997

	Full-time employees	Part-time employees	Pensioners	Total
1992	275,659	255,396	75,144	606,199
1993	305,820	296,427	86,590	688,837
1994	347,065	328,772	102,143	777,980
1995	363,087	323,652	104,579	791,318
1996	259,535	153,570	47,045	460,150
1997	276,718	132,007	56,323	465,049

Source: Central Statistics Office Yearbook 1994, 1995; Central Statistics Office Monthly Reports January 1998

Average earnings, 1989-1998

	Gross earnings per capita (HUF)	Indices of gross earnings (previous year=100%)	Net earnings per capita (HUF)	Indices of net earnings (previous year=100%)	Indices of real net earnings (previous year=100%)	Exchange rate (HUF/USD)
1989	10,571	117.9	8,165	116.9	99.7	59.10
1990	13,446	128.6	10,108	121.7	94.4	63.20
1991	17,934	130.0	12,948	125.5	93.0	74.81
1992	22,294	125.1	15,628	121.3	98.6	79.00
1993	27,173	121.9	18,397	117.7	96.1	92.03
1994	33,309	124.9	23,049	125.3	107.2	105.13
1995*	38,900	116.8	25,891	112.6	87.8	125.69
1996	46,837	120.4	30,544	117.4	95.0	152.57
1997	57,270	122.3	38,145	124.1	104.9	186.75
1998	67,764	118.3	45,162	118.4	103.6	217.67[1]

* *Since 1995, for organisations with a staff of at least 10 and publicly funded institutions, regardless of staff size.*

[1] *November 1998.*

Source: Central Statistics Office.

Average wages of employees by region, 1997*

Region	Average monthly gross earnings (HUF)	Average monthly net earnings (HUF)	Average gross earnings as % of the average	Average net earnings as % of the average
R1: Central Hungary	72,771	46,442	127.1	121.8
R2: Central Transdanubia	56,141	37,570	98.0	98.5
R3: Western Transdanubia	53,138	35,992	92.8	94.4
R4: Southern Transdanubia	50,654	34,655	88.4	90.9
R5: Northern Hungary	50,189	34,368	87.6	90.1
R6: Northern Great Plain	47,523	32,937	83.0	86.3
R7: Southern Great Plain	49,134	33,793	85.8	88.6
Outside the country border	33,199	24,256	58.0	63.6

* *Data on enterprises with more than 20 employees and publicly financed institutions, regardless of staff size.*

Source: Central Statistics Office.

Average monthly net earnings of employees, February 1999

	Average earnings, (HUF/person)*	Average earnings, relative to national average (%)	Nominal wage growth, (%)	Nominal wage growth relative to average growth (%)
Agriculture, hunting, forestry, fishing	32,058	71.7	7.7	74.7
Mining and quarrying	50,857	113.8	13.9	134.9
Manufacturing	43,942	98.3	9.8	95.1
Of which:				
15-16 food	42,342	94.7	9.6	93.2
17-19 textiles and clothing	30,577	68.4	8.9	86.5
23-25 chemical products	61,867	138.4	15.9	154.4
29-35 machinery	48,408	108.3	10.8	104.8
Electricity, gas, steam and water supply	54,650	122.2	9.3	90.3
Industry total	45,069	100.8	9.6	93.2
Construction	33,609	75.2	9.1	88.3
Trade	40,397	90.4	8.5	82.5
Hotels and restaurants	32,330	72.3	14.0	135.9
Transport, storage and communications	49,039	109.7	10.2	99.1
Financial services	93,733	209.7	12.4	120.4
Real estate, renting and business activities	50,724	113.5	16.9	164.1
Public administration and defence	49,901	116.6	9.7	94.1
Education	45,490	101.8	18.1	175.7
Health	37,138	83.1	8.1	78.6
Other services	42,014	94.2	9.4	91.3
National economy, total	44,689	100.0	10.3	100.0
Of which:				
Non-public	44,646	99.9	9.4	91.3
Public	44,765	100.2	11.9	115.6

* *Data on enterprises employing more than 4 (before 1999, at least 10) persons and all publicly financed organisations. Indexes concern comparable data.*

Source: Central Statistics Office

Minimum wage, average wage and subsistence minimum, 1989-1998

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Gross minimum wage (HUF/month)	3,658	5,017	6,700	8,000	8,917	10,375	12,062	14,308	17,000	19,500
Net minimum wage (HUF/month)	3,294	4,515	5,989	7,122	7,847	9,178	10,671	12,376	15,045	17,259
Gross minimum wage as a % of gross average wage	34.6	37.3	37.4	35.9	32.8	31.2	31.0	30.5	29.7	28.8
Net minimum wage as a % of net average wage	40.3	44.7	46.3	45.6	42.7	39.9	41.2	40.9	39.4	38.2
Subsistence minimum (HUF/month)	4,059	5,349	7,147	8,162	11,183	9,785	11,915	14,083	17,189	*
Gross minimum wage as a % of subsistence minimum	90.1	93.8	93.7	98.0	79.7	106.0	101.2	101.6	98.9	*
Net minimum wage as a % of subsistence minimum	81.2	84.4	83.8	82.7	70.2	93.8	89.6	87.9	87.5	*

* *The data concerning subsistence minimum refer to families with two adults of working age and two children. The Central Statistics Office modified the methodology of counting the subsistence minimum wage from 1994, but they also published data calculated on the basis of the former methodology until 1994.*

Source: *Ministry of Labour (1998) and International Labour Organisation (1997)*

Annex 2 - Population

Total population (1 January) 1990-1999

Year	Total population (thousand)	Yearly change of total population (%)	Male population (thousand)	Yearly change in male population (%)	Female population (thousand)	Yearly change in female population (%)
1990	10,375	–	4,984.9	–	5,389.9	–
1991	10,355	-0.2	4,972.2	-0.3	5,382.7	-0.1
1992	10,337	-0.2	4,960.5	-0.2	5,376.7	-0.1
1993	10,310	-0.3	4,943.4	-0.3	5,366.8	-0.2
1994	10,277	-0.3	4,922.9	-0.4	5,354.0	-0.2
1995	10,246	-0.3	4,903.7	-0.4	5,342.0	-0.2
1996	10,212	-0.3	4,883.9	-0.4	5,328.4	-0.3
1997	10,174	-0.4	4,863.3	-0.4	5,311.2	-0.3
1998	10,135	-0.4	4,841.9	-0.4	5,293.5	-0.3
1999*	10,092	-0.4	4,818	-0.5	5,274	-0.4

* *Preliminary data*

Source: Central Statistics Office

Population of working age 15-74 (1 January) 1990-1998

Year	Total (thousand)	Yearly change of total population (%)	Male (thousand)	Yearly change of male population (%)	Female (thousand)	Yearly change of female population (%)
1990*	6,284.5	–	3,107.3	–	3,177.2	–
1991*	6,317.6	0.5	3,125.5	0.6	3,192.1	0.5
1992	7,728.9	–	3,723.8	–	4,005.1	–
1993	7,763.3	0.4	3,737.1	0.4	4,026.2	0.5
1994	7,779.6	0.2	3,731.7	-0.1	4,047.9	0.5
1995	7,819.7	0.5	3,747.0	0.4	4,072.7	0.6
1996	7,808.0	-0.1	3,733.0	-0.4	4,075.0	0.1
1997	7,800.0	-0.1	3,740.3	0.2	4,059.7	-0.4
1998[1]	7,753.9	-0.6	3,719.5	-0.6	4,034.4	-0.6

* *15-60*

1 *3rd quarter of 1998*

Source: Central Statistics Office

Density of population, 1990-1999

Year	Density of population (1 sq. km)
1990	111.5
1991	111.3
1992	111.1
1993	110.8
1994	110.5
1995	110.1
1996	109.8
1997	109.4
1998	108.9
1999	108.5

Source: Hungarian Demographic Yearbook 1998

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Population by age groups 1995-1999 (thousand)

Year	0-14	15-29	30-39	40-59	60-69	70-
1995	1,869.9	2,294.3	1,377.6	2,717.5	1,058.3	928.0
1996	1,836.5	2,314.4	1,317.6	2,758.7	1,040.2	945.0
1997	1,802.0	2,323.9	1,276.8	2,792.0	1,022.7	957.1
1998	1,771.7	2,314.0	1,267.1	2,804.6	1,010.8	967.2
1999	1,744.6	2,291.8	1,269.7	2,808.0	998.4	979.1

Source: Hungarian Statistics Yearbook 1998

Population in towns and villages 1995-1999

Year	Budapest	Other towns	Villages	Budapest	Other towns	Villages
	thousands			%		
1995	1,930.0	4,639.9	3,675.8	18.8	45.3	35.9
1996	1,906.8	4,627.1	3,678.8	18.7	45.3	36.0
1997	1,886.2	4,612.4	3,675.8	18.5	45.3	36.1
1998	1,861.4	4,592.4	3,681.6	18.4	45.3	36.3
1999	1,838.8	4,570.9	3,682.1	18.2	45.3	36.5

Source: Hungarian Statistics Yearbook 1998

Population by nationality 1990

Nationality	Number	%
Hungarian	10,142,072	98.5
German	30,824	0.4
Slovakian	10,459	0.1
Rumanian	10,740	0.1
Croatian	13,570	0.2
Serbian	2,905	0.0
Slovenian	1,930	0.0
Romany	142,683	0.5
Other	19,640	0.2

Source: Hungarian Statistics Yearbook 1998

Annex 3 - Social security

Development of the Hungarian Pension System

	1980	1985	1990	1995
Ratio of pensioners to employed (%)	35.8	40.8	46.1	74.8
Ratio of pensioners to pension-aged population (%)	83	93	105	130
Ratio of persons aged 60+ to those aged 20-59 (%)	30.6	–	35.9	36.0
Ratio of average pension to average wage (%)	55.5	56.2	66.1	61.0
Implicit contribution rate*	19.8	22.9	30.4	43.6+

* *Calculated proportion of average (net) wages necessary to finance the pensions system.*

+ *1994*

Source: Palacios and Rocha (1998) and Csaba and Semjén (1998)

Social expenditure and revenue, 1989-1995, (% of GDP)

	1989	1990	1991	1992	1993	1994	1995
Expenditure							
Pensions	9.0	9.7	10.2	10.4	10.3	10.8	9.9
Sickness benefits	1.5	1.4	1.4	1.3	1.4	1.3	1.1
Family benefits*	4.4	4.6	4.5	3.9	3.7	3.2	2.4
Unemployment benefits	–	–	0.8	2.2	2.2	1.5	1.6
Social assistance (local)	–	–	–	0.5	0.8	0.7	0.5
Other cash benefits	0.4	0.4	0.4	0.4	0.6	0.5	0.4
Total cash benefits	15.4	16.2	17.3	18.8	19.0	17.9	16.0
Active employment measures	–	–	0.3	0.6	0.6	0.6	0.4
Health care and social benefits in kind	5.1	5.8	6.6	7.1	7.2	7.4	6.6
Consumption and housing subsidies	7.9	6.8	5.4	4.1	3.0	2.6	2.7
Tax social benefits	0.3	0.3	0.5	0.3	0.2	0.2	
Total social expenditure	28.6	29.1	30.2	30.8	30.0	28.6	25.7
Revenues							
Social insurance contributions		17.0	16.3	15.7	15.3	14.8	13.7
Other revenues		12.1	13.8	15.0	14.7	13.8	12.0

* *Family supplement, maternity allowance, and maternity benefit*

Source: Ministry of Labour (1998)

Main tax revenues

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
	HUF '000 million									
Total major taxes	488	529	606	643	732	903	1,052	1,383	1,553	1,649
GDP	1,440	1,723	2,089	2,498	2,943	3,548	4,365	5,500	6,745	8,020
	Share of GDP (%)									
Major taxes	33.9	30.7	29.0	25.7	24.9	25.5	24.1	25.2	23.0	20.6
Value-added tax	8.5	7.8	7.0	6.0	6.0	8.1	7.7	7.7	7.7	7.6
Personal income tax	4.3	5.5	6.1	7.4	7.0	7.3	7.0	7.0	7.1	6.1
Consumption tax	6.1	5.5	5.2	5.5	5.7	4.2	3.8	3.8	3.5	3.5
Customs fees and duties	2.4	2.6	2.5	2.5	3.4	3.6	3.5	4.6	3.3	2.0
Corporate tax	6.1	5.4	4.5	3.1	2.2	1.6	1.7	1.7	1.2	1.2
Extraordinary payments	6.5	3.8	3.8	1.3	0.7	0.7	0.4	0.5	0.2	0.2

Source: Vámosi-Nagy at al. (1998)

Changes in the Personal Income Tax (PIT) Burden (HUF/year if not otherwise stated)

Year	Average gross wage	Minimum wage*	Upper limit of zero % tax bracket	Highest PIT rate (%)	Lower limit of highest tax rate	Average PIT rate (%)
1988	107,616	36,000	48,000	60	800,001	14.43
1989	126,852	44,400 48,000	55,000	56	600,001	14.37
1990	161,352	57,600 67,200 69,600	55,000	50	500,001	16.11
1991	215,208	84,000	55,000	40	500,001	18.13
1992	267,528	96,000	100,000	40	500,001	17.97
1993	326,076	108,000	100,000	40	500,001	19.25
1994	407,268	126,000	110,000	44	550,001	18.06
1995	466,800	146,400	110,000	44	550,001	21.45
1996	562,044	174,000	+	48	900,001	22.59
1997	671,640	204,000	+	42	1,100,001	20.91

* *In 1989 and in 1990 the minimum wage changed during the year.*

+ *The zero tax bracket was eliminated after 1996.*

Source: Vámosi-Nagy at al. (1998)

Annex 4 - Labour market

Employment in Hungary (15-74 years), 1992-1998

	Total employed* (thousand)	Yearly change in number of employed (%)	Female employed* (thousand)	Yearly change in number of female employed (%)	Female share of total employment	Male employed* (thousand)	Yearly change in number of male employed (%)	Male share of total employment
1992	4,082.7	–	1,864.5	–	45.7	2,218.2	–	54.3
1993	3,827.3	-6.3	1,750.0	-6.1	45.7	2,077.3	-6.4	54.3
1994	3,751.5	-2.0	1,696.5	-3.0	45.2	2,055.0	-1.1	54.8
1995	3,678.8	-1.9	1,629.2	-4.0	44.3	2,049.6	-0.3	55.7
1996	3,648.1	-0.8	1,611.0	-1.1	44.2	2,037.1	-0.6	55.8
1997	3,646.3	-0.1	1,602.0	-0.6	43.9	2,044.3	0.4	56.1
1998[1,2]	3,697.7	1.4	1,656.0	3.4	44.8	2,041.7	-0.1	55.2

* *Excluding persons being on child care leave and including conscripts.*

1 *The sample of the Labour Force Survey (LFS) has been broadened since 1998, so data are not fully comparable with earlier survey results. Using the old sample we would obtain slightly higher figures (around 20,000 persons).*

2 *3rd quarter 1998*

Source: *Central Statistics Office, Labour Force Survey.*

Employment rates in Hungary by age group 1992-1998, selected years (%)

Age	1992			1994			1996			1997			1998[1]		
	T	W	M	T	W	M	T	W	M	T	W	M	T	W	M
15-74	52.8	46.6	59.6	48.2	41.9	55.1	46.7	39.6	54.5	46.7	39.5	54.6	47.9	41.1	55.3
15-59	62.4	56.5	68.5	58.0	51.9	64.2	56.6	49.3	64.1	56.5	49.2	64.0	57.7	51.1	64.4
15-24	37.3	33.6	40.7	32.9	29.5	36.1	30.4	25.2	35.4	31.4	26.2	36.2	35.2	30.5	39.6
25-39	75.8	68.1	83.3	72.3	63.7	80.8	70.5	59.5	81.4	70.2	58.6	81.7	71.3	60.8	81.5
40-59	65.8	59.6	72.6	61.5	55.4	68.1	61.6	55.4	68.3	61.4	55.3	68.2	61.1	55.7	67.0
60-74	9.8	7.5	13.0	6.0	4.2	8.4	4.4	3.2	6.0	3.9	2.8	5.5	4.0	2.5	6.0

* *Excluding persons on child care leave and including conscripts.*

1 *The sample of the Labour Force Survey (LFS) has been broadened since 1998, so data are not fully comparable with earlier survey results. 3rd quarter 1998*

Source: *Central Statistics Office, Labour Force Survey.*

Employment rates by major sector in Hungary, 1992-1998, (%)

	Agriculture			Industry			Services			Non-employment		
	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male
1992	6.0	3.6	8.5	18.5	13.3	24.1	28.3	29.7	27.0	47.2	53.4	40.4
1993	4.5	2.6	6.6	16.1	11.6	22.1	28.7	29.3	26.9	50.7	56.5	44.4
1994	4.2	2.3	6.3	15.9	10.8	21.5	28.1	28.8	27.3	51.8	58.1	44.9
1995	3.8	1.9	5.9	15.3	9.9	21.2	27.9	28.2	27.6	53.0	60.0	45.3
1996	3.9	1.8	6.1	15.2	9.9	21.0	27.6	27.8	27.4	53.3	60.4	45.5
1997	3.7	1.8	5.8	15.5	9.9	21.6	27.6	27.8	27.3	53.3	60.5	45.4
1998[1]	3.7	1.8	5.8	16.2	10.4	22.6	27.9	28.9	26.9	52.1	58.9	44.7

* *Excluding persons on child care leave and including conscripts.*

[1] *The sample of the Labour Force Survey (LFS) has been broadened since 1998, so data are not fully comparable with earlier survey results. 3rd quarter 1998*

Source: Central Statistics Office, Labour Force Survey.

Structural changes in employment of women 1992-1998, (%)

	Employment share of agriculture*	Female employment share in agriculture*	Employment share of industry*	Female employment share in industry*	Employment share of services*	Female employment share in services*
1992	11.3	31.2	35.1	37.3	53.6	54.2
1993	9.1	29.6	32.7	36.0	58.2	54.0
1994	8.7	28.4	33.0	35.2	58.3	53.4
1995	8.0	25.9	32.6	33.7	59.4	52.6
1996	8.3	24.0	32.6	34.0	59.1	52.6
1997	7.9	25.0	33.1	33.1	59.0	52.6
1998[1]	7.8	24.7	33.9	33.3	58.3	53.8

* *Excluding persons on child care leave and including conscripts.*

[1] *The sample of the Labour Force Survey (LFS) has been broadened since 1998, so data are not fully comparable with earlier survey results. 3rd quarter 1998*

Source: Central Statistics Office, Labour Force Survey.

Number of employed by sector 1992-1998, both sexes (thousand)

	1992	1993	1994	1995	1996	1997	1998*
Agriculture	460.1	349.7	327.6	295.1	302.4	287.8	288.9
Mining and quarrying	52.7	42.2	39.2	34.0	32.8	27.2	24.8
Manufacturing	1,053.5	937.8	888.8	850.2	850.8	864.1	902.5
Electricity, gas, steam and water supply	108.0	105.1	108.3	96.6	88.8	97.4	94.6
Construction	216.8	207.1	201.0	217.3	217.7	219.2	237.9
Total industry	1,431	1,292.2	1,237.3	1,198.1	1,190.1	1,207.9	1,259.8
Trade	480.4	469.5	467.4	459.9	486.9	496.8	472.6
Hotels and restaurants	115.6	110.4	110.6	116.6	114.1	120.9	122.0
Transport, storage	346.4	336.3	314.5	319.6	321.2	310.0	304.1
Financial intermediation	68.7	72.6	72.9	82.2	83.3	83.3	82.5
Real estate, renting	140.3	137.6	125.6	130.6	128.2	146.3	164.7
Public administration and defence	293.7	299.5	320.2	318.1	306.6	293.8	303.6
Education	311.8	342.8	338.6	335.4	319.6	296.9	301.5
Health and social work	236.3	241.6	239.0	231.4	225.6	232.1	239.0
Other services	198.4	175.4	197.8	191.8	170.1	170.5	177.3
Total services	2,191.6	2,185.7	2,186.6	2,185.6	2,155.6	2,150.6	2,167.3
Total	4,082.7	3,827.3	3,751.5	3,678.8	3,648.1	3,646.3	3,716.3

* *The sample of the Labour Force Survey (LFS) has been broadened since 1998, so data are not fully comparable with earlier survey results. 3rd quarter of 1998.*

Source: Central Statistics Office, Labour Force Survey.

Employment by region 1992-1998, (thousand)

Region	1992	1993	1994	1995	1996	1997	1998[1]
R1: Central Hungary	1,277.1	1,208.4	1,177.0	1,172.1	1,136.4	1,128.1	1,135.1
R2: Central Transdanubia	442.4	421.3	415.5	407.4	406.8	412.9	430.6
R3: Western Transdanubia	419.7	407.9	406.4	397.7	403.2	406.4	412.9
R4: Southern Transdanubia	397.0	364.5	360.6	334.7	342.5	338.5	347.3
R5: Northern Hungary	462.1	432.8	315.6	402.2	399.3	397.8	395.3
R6: Northern Great Plain	541.1	495.8	487.2	474.7	473.5	468.4	478.0
R7: Southern Great Plain	543.4	496.6	489.2	490.1	486.4	494.2	494.1
Total	4,082.8	3,827.3	3,651.5	3,678.9	3,648.1	3,646.3	3,693.3

[1] *The sample of the Labour Force Survey (LFS) has been broadened since 1998, so data are not fully compatible with earlier survey results. 3rd quarter 1998.*

Source: Central Statistics Office, Labour Force Survey.

Employed persons by educational attainment 1992-1998 (thousand)

Year	Incomplete primary education	Completed primary education	Apprentice or vocational school	Grammar or other secondary school	College or university degree	Total[1]
1992	142.1	1,029.4	1,078.1	1,192.2	583.9	4,025.7
1993	79.9	949.6	1,044.4	1,135.9	560.5	3,770.3
1994	59.3	871.2	1,091.6	1,128.1	542.3	3,692.5
1995	47.7	809.5	1,094.5	1,112.1	559.0	3,622.8
1996	42.6	772.0	1,126.9	1,105.7	585.7	3,605.1
1997	34.3	770.9	1,119.6	1,140.0	545.5	3,610.3
1998*	31.1	781.4	1,133.5	1,156.1	591.2	3,693.3

* *The sample of the Labour Force Survey (LFS) has been broadened since 1998, so data are not fully compatible with last survey results, Q3 1998.*

1 *In the official Central Statistics Office publications, these figures do not coincide with the number of total employed. Since the difference is not explained, we have to use these figures without fully understanding them.*

Source: *Central Statistics Office, Labour Force Survey*

Labour force participation rate of the working age (15-74) population by age group, 1992-1998, both sexes (%)

Year	15-19	20-24	25-29	30-39	40-54	55-59	60-74	15-74
1992	23.0	71.1	77.6	86.6	81.7	34.3	10.3	58.6
1993	20.8	68.5	76.0	84.9	79.4	30.9	7.9	56.0
1994	19.1	66.1	75.7	82.8	77.5	27.4	6.7	54.0
1995	16.8	64.4	73.0	81.3	76.5	28.2	5.3	52.4
1996	15.3	61.3	72.4	81.0	76.2	29.2	4.6	51.8
1997	14.2	59.7	71.9	79.4	75.2	28.7	4.2	51.2
1998*	15.6	61.1	73.0	79.3	74.5	26.1	4.4	51.8

* *3rd quarter of 1998.*

Source: *Central Statistics Office, Labour Force Survey.*

*Number of vacancies and number of unemployed by region, 1998**

Region	Number of vacancies	Number of unemployed (thousand) (ILO definition)
R1: Central Hungary	16,705	67.3
R2: Central Transdanubia	8,529	30.5
R3: Western Transdanubia	4,149	26.7
R4: Southern Transdanubia	3,281	34.0
R5: Northern Hungary	8,612	54.1
R6: Northern Great Plain	7,170	56.0
R7: Southern Great Plain	6,328	34.2
Total	54,774	302.8

* *Number of vacancies: 1 November 1998, number of unemployed, Q3 1998 survey.*

Sources: National Labour Centre, Central Statistics Office, Labour Force Survey

Structural imbalances by region, July 1998, (ratio of unemployed to vacancies)

Region	Skilled	Semi-skilled	Unskilled	Total Blue collar	White collar	Total
R1: Central Hungary	2.4	4.4	4.6	3.3	13.2	4.1
R2: Central Transdanubia	3.6	3.8	12.6	4.3	11.2	5.0
R3: Western Transdanubia	7.9	5.0	12.8	7.0	21.3	8.2
R4: Southern Transdanubia	26.6	13.1	21.1	19.5	21.6	19.8
R5: Northern Hungary	11.6	7.0	11.3	9.9	20.4	10.7
R6: Northern Great Plain	11.4	6.7	9.3	9.0	16.7	9.7
R7: Southern Great Plain	8.7	5.5	11.4	7.8	13.5	8.5
Total	6.7	5.7	10.0	6.9	15.5	7.7

Source: National Labour Centre

Unemployment in Hungary, 1990-1998

Year	Number of unemployed 1 (thousand) (ILO definition)	Number of registered unemployed 2 (thousand)	Unemployment rate (ILO definition) (%)	Unemployment rate (registered) (%)
1990	-	79.5	-	1.4
1991	-	406.1	-	7.4
1992	437.7	663.0	9.8	12.3
1993	518.1	632.1	11.9	12.1
1994	448.5	519.6	10.7	10.4
1995	410.6	495.9	10.2	10.4
1996	399.3	477.5	9.9	10.5
1997	367.5	464.0	8.7	10.4
1998*	313.0	392.4 +	7.5	8.8 +

* *The sample of the Labour Force Survey (LFS) has been broadened since 1998, so data are not fully comparable with earlier survey results.*

+ *November 1998*

Sources: [1] Central Statistics Office, Labour Force Survey, 2 National Labour Centre

Unemployment rate by age group 1992-1998, selected years (%)

Age	1992			1994			1996			1997			1998[1]		
	T	W	M	T	W	M	T	W	M	T	W	M	T	W	M
15-74	9.8	8.7	10.7	10.7	9.4	11.8	9.9	8.8	10.7	8.7	7.8	9.5	7.5	6.7	8.2
15-59	10.0	8.9	10.9	10.7	9.3	11.9	10.0	8.9	10.8	8.8	7.8	9.6	7.5	6.6	8.2
15-24	17.5	15.1	19.3	19.4	16.6	21.5	18.0	16.4	19.0	15.9	14.5	16.9	13.3	11.6	14.5
25-39	9.9	9.1	10.6	10.5	9.7	11.0	9.8	9.1	10.3	8.5	7.9	9.0	7.4	6.9	7.8
40-59	7.3	6.5	8.0	7.8	6.4	9.0	7.5	6.6	8.3	6.6	5.7	7.4	5.5	4.9	6.1
60-74	4.3	4.9	4.0	10.5	14.9	7.1	5.4	7.9	3.4	6.2	7.7	5.1	9.3	10.3	8.6

* *3rd quarter 1998.*

Source: Central Statistics Office, Labour Force Survey.

Unemployment by region 3rd quarter 1998

Region	Number of unemployed (thousand)	Unemployment rate (%)
R1: Central Hungary	67.3	5.6
R2: Central Transdanubia	30.5	6.6
R3: Western Transdanubia	26.7	6.1
R4: Southern Transdanubia	34.0	8.9
R5: Northern Hungary	54.1	12.0
R6: Northern Great Plain	56.0	10.5
R7: Southern Great Plain	34.2	6.5
Total	302.8	7.6

Source: Central Statistics Office, Labour Force Survey

Vacancies by region, July 1998

Region	Skilled	Semi-skilled	Unskilled	Total blue collar	White collar	Total
R1: Central Hungary	7,800	3,824	1,955	13,579	1,246	14,825
R2: Central Transdanubia	3,891	3,004	559	7,454	745	8,199
R3: Western Transdanubia	1,211	1,564	367	3,142	285	3,427
R4: Southern Transdanubia	640	859	527	2,026	366	2,392
R5: Northern Hungary	2,801	2,550	1,812	7,163	634	7,797
R6: Northern Great Plain	2,875	3,417	2,187	8,479	834	9,313
R7: Southern Great Plain	2,468	2,541	1,029	6,038	881	6,919
Total	21,686	17,759	8,436	47,881	4,991	52,872

Source: National Labour Centre

Unemployed persons by length of job search as a percentage of the total unemployed

Year	0-6 months	7-12 months	12+ months
1992··	51	28.0	21.0
1993	37.4	27.4	35.2
1994	33.4	23.4	43.2
1995	27.3	22.1	50.6
1996	25.1	20.5	54.4
1997	27.3	21.3	51.4
1998*	27	23.1	49.9

* *Q3, 1998.*

Source: Central Statistics Office, Labour Force Survey

Expenditure on active and passive employment measures, 1994-1998, Billion HUF

	1994	1995	1996	1997	1998*	1998**
Passive measures	52.4	49.0	51.4	54.9	57.6	64,1
Income support	-	-	9.6	20.0	20.3	21,1
Active measures	30.9	28.4	30.6	46.3	58.9	61,4
Employment service	6.4	7.1	7.1	8.7	10.1	10,0
Investment in employment services	-	-	-	2.3	2.3	1,3
Public works council	-	-	0.5	3.4	5.2	5,0
Total expenditure	83.3	77.4	91.6	121.2	136.8	146,6
Proportion of active measures	37.1	36.7	33.4	38.2	43.1	41,9

* *planned figures*
** *actual figures*

Source: Ministry of Labour (1998)

Expenditure on active and passive employment measures 1992-1997, (% of GDP)

	1992	1993	1994	1995	1996	1997
Public employment service and administration (a)	0.15	0.15	0.15	0.13	0.11	0.13
Labour market training (b)	0.15	0.23	0.19	0.13	0.08	0.08
Subsidised employment (c)	0.31	0.28	0.27	0.17	0.18	0.23
Unemployment compensation (d)	2.15	2.02	1.07	0.72	0.60	0.46
Early retirement (e)	0.05	0.11	0.15	0.19	0.16	0.17
Total	2.81	2.79	1.83	1.35	1.13	1.07
Of which						
Active measures (a-c)	0.61	0.66	0.61	0.43	0.37	0.44
Passive measures (d-e)	2.21	2.13	1.22	0.92	0.76	0.63

Percentage of the registered unemployed covered by the unemployment benefit system, 1990-1997

Period	Covered by Unemployment Benefit	Coverage by Income Support	Total Coverage
December 1990	77.6	-	77.6
December 1991	76.8	-	76.8
December 1992	71.9	6.2	78.1
December 1993	51.7	22.4	74.1
December 1994	36.9	39.8	76.7
December 1995	40.1	38.9	79.0
December 1996	29.2	44.3	73.5
March 1997	30.0	42.8	73.2
June 1997	30.0	44.9	74.9
December 1997	29.4	41.9	71.4

Source: Boeri-Pulay (1998)

Annex 5 - Vocational education and training

Hungarian schools by type of school

1997/1998		
Schools[8]	**Number**	**Percentage of non-state schools**
Total number of schools (Primary schools, Secondary grammar schools, Secondary vocational schools, Skilled worker training schools, Typing and shorthand vocational schools, Health vocational schools, Other vocational schools, Special institutions for handicapped students, Colleges and Universities)	6,055	7.9
Total number of non-state institutions (Primary schools, Secondary grammar schools, Secondary vocational schools, Skilled worker training schools, Typing and shorthand vocational schools, Health vocational schools, Other vocational schools, Special institutions for handicapped students, Colleges and Universities)[9]	478	
Total number of vocational schools (Secondary vocational schools, Skilled worker training schools, Typing and shorthand vocational schools, Health vocational schools and Other vocational schools)	1,244	8.2
Number of non state vocational education and training institutions (Secondary Vocational schools, Skilled worker training schools, Typing and shorthand vocational schools, Health vocational schools and Other vocational schools)	102	
Total number of full-time students in schools	1,666,551	5.9
Number of full-time students in non-state institutions (Primary schools, Secondary grammar schools, Secondary vocational schools, Skilled worker training schools, Typing and shorthand vocational schools, Health vocational schools, Other vocational schools, Special institutions for handicapped students, Colleges, Universities)[10]	99,096	

Source: Statistics publication of the Ministry for Education, Statistics Report 1997/98 Ministry of Education, Statistics Department, Hungarian Statistics Yearbook 1997, Statistics on general education, Ministry of Education

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[8] We cannot provide the number of educational institutions, only the number of educational/training places, e.g., the multi-profile institutions (primary schools, secondary grammar schools, secondary vocational schools, skilled worker training school etc.) count as two or more institutions.

[9] As we have no definition of private institutions from the European Training Foundation, we have provided the number of non-state institutions maintained by churches, foundations and other bodies.

[10] We have data only on the number of students enrolled in non-state/private schools. Other data on these institutions are not available.

Annex 6 - Qualification structure

Number and distribution of students in education institutions at secondary level 1990-1997

	Secondary grammar schools	Secondary vocational schools	Apprenticeship schools	Vocational schools	Total	Total in vocational education and training
1990/91	123,427	168,445	209,371	15,484	516,727	393,300
1991/92	130,378	178,973	204,655	21,058	535,064	404,686
1992/93	136,729	186,225	188,570	28,186	539,710	402,981
1993/94	138,198	192,388	174,187	30,411	535,184	396,986
1994/95	140,352	196,965	163,330	27,967	528,614	388,262
1995/96	140,884	208,415	154,294	25,725	529,318	388,434
1996/97	140,867	220,528	143,846	19,924	525,165	384,298
1997/98	+141,402	+227,243	-132,637	-11,274	-512,556	-371,154
1990/91	23.9	32.6	40.5	3.0	100.0	76.2
1991/92	24.4	33.4	38.2	3.9	100.0	75.6
1992/93	25.3	34.5	34.9	5.2	100.0	74.7
1993/94	25.8	35.9	32.5	5.7	100.0	74.2
1994/95	26.6	37.3	30.9	5.3	100.0	73.4
1995/96	26.6	39.4	29.1	4.9	100.0	73.4
1996/97	26.8	42.0	27.4	3.8	100.0	73.2
1997/98	+27.6	+44.3	-25.9	-2.2	100.0	72.4

* *Data on handicapped students are not included*

Source: Statistical data of the Ministry of Education

Output of education system by level of education, 1989-1997

Level of education[11]	**1989**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**
Completed higher education studies	16,100	16,200	16,900	17,100	16,800	19,100	20,900	23,500	25,300
Completed secondary school or dropped out of higher education institution	26,300	38,300	37,200	41,900	50,700	48,400	45,900	47,500	50,000
Of which									
■ *Completed technical school*	*300*	*4,800*	*5,300*	*6,400*	*6,600*	*10,900*	*12,400*	*17,500*	*20,300*
■ *Completed general secondary school*	*8,200*	*14,600*	*12,600*	*13,100*	*17,400*	*17,800*	*17,100*	*18,000*	*18,200*
■ *Completed vocational secondary school*	*17,800*	*18,900*	*19,300*	*22,400*	*26,700*	*19,700*	*16,400*	*12,000*	*11,500*
Completed skilled workers' training school	50,500	51,600	55,400	63,000	60,000	56,400	50,900	49,500	47,800
Completed specialised secondary school	4,000	4,200	4,900	5,600	9,200	11,700	10,800	8,500	6,900
Completed primary school and did not continue school or dropped out of secondary school	37,300	41,400	40,700	35,000	32,800	28,100	18,300	19,600	20,200
Did not finish primary (general) school but left at the age of 16	8,400	10,300	12,400	10,000	6,800	6,600	5,000	5,200	5,000
Total	142,600	162,000	167,500	172,600	176,300	170,300	151,800	153,800	155,200
Of which									
■ *Skilled*	*88,700*	*95,700*	*101,800*	*114,500*	*119,300*	*117,800*	*111,400*	*111,000*	*111,800*
■ *Unskilled*	*53,900*	*66,300*	*65,700*	*58,100*	*57,000*	*52,500*	*40,400*	*42,800*	*43,400*
% Unskilled	37.8	40.9	39.3	33.7	32.3	30.8	26.6	27.8	28
Percentage of young people who leave the educational system before completion of compulsory education	5.89	6.36	7.40	5.79	3.86	3.87	3.29	3.38	3.22

Source: Central Statistics Office, Education-Training 1988-1997

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[11] Full-time students

Number and percentage of students enrolled in vocational schools who receive training in workshops and in enterprises

Year	Number of students in training places				
	in school	out of school	in large enterprises	in small enterprises and with unclassified entrepreneurs	TOTAL
	Workshops		Work placements		
NUMBER OF STUDENTS					
1980/81	20,804	48,833	27,495	56,964	154,096
1985/86	25,702	75,908	34,848	39,932	176,390
1990/91	33,300	83,225	40,216	52,630	209,371
1991/92	40,040	69,506	33,923	61,186	204,655
1992/93	46,337	52,178	28,099	61,956	188,570
1993/94	52,593	42,028	20,804	58,762	174,187
1994/95	55,902	33,725	19,471	54,232	163,330
1995/96	58,330	27,721	16,915	51,328	154,294
1996/97	58,826	27,669	9,606	47,745	143,846
1997/98	58,253	22,875	9,610	41,899	132,637
DISTRIBUTION OF STUDENTS (%)					
1980/81	13.5	31.7	17.8	37.0	100.0
1985/86	14.6	43.0	19.8	22.6	100.0
1990/91	15.9	39.8	19.2	25.1	100.0
1991/92	19.6	34.0	16.6	29.9	100.0
1992/93	24.6	27.7	14.9	32.9	100.0
1993/94	30.2	24.1	11.9	33.7	100.0
1994/95	34.2	20.6	11.9	33.2	100.0
1995/96	37.8	18.0	11.0	33.3	100.0
1996/97	40.9	19.2	6.7	33.2	100.0
1997/98	43.9	17.3	7.2	31.6	100.0

Source: Statistical data of the Ministry of Education

Number and distribution of training places in secondary grammar schools, secondary vocational schools, and apprenticeship schools

Training places	**Type of school**		
	Secondary grammar schools and secondary vocational schools	**Apprenticeship schools**	**Upper secondary education institutions**
Out of school (in enterprises)	0	25,685	25,685
Percentage in enterprises (%)	0.0	41,1	24.9
In school	40,784	36,779	77,563
Percentage in school (%)	100.0	58.9	75,1
Total	40,784	62,464	103,248

Source: Statistics Report 1997/98, Statistics department of the Ministry of Education

Annex 8 - Teacher training

Relevant information about teacher training in Hungary

Vocational teacher training is aimed at training teachers to provide vocational teaching in the institutions providing vocational training in the Hungarian school system, i.e., in the vocational training institutions operating in the technical, economic, agricultural and health sectors, and to deliver training outside the school system, in line with their specialised qualifications. The goal of the training is to give teachers, who already have a high standard of theoretical and practical knowledge suitable for further development, a broad-based psychological, pedagogical and general education, including a basic knowledge of information technology, labour rights and children's rights. The aim is to produce teachers who are capable:

- of applying their professional qualifications to a teaching situation;
- of getting to know the students, respecting them, developing their personalities and directing their work outside the school in an individualised way; and
- of using efficient pedagogical methods and techniques.

Such teachers need to have the basic knowledge required for family, vocational and educational counselling. They must be mature, autonomous and creative. They should be capable of constantly revising and refurbishing their knowledge and skills and of identifying with, and transmitting, basic human and social values.

The structure of vocational teacher training

The current structure[12] of vocational teacher training developed in the early seventies. Vocational teachers are trained on two levels - university and college - and in four sectors - technical, economic, agriculture and health.

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[12] **The position of vocational teacher training in higher education.** In a higher education institution, **a diploma** attesting to, and defining the level of the qualification, as well as the professional qualification itself, may be obtained in **basic training** and **specialised further training.** For **basic training,** the training provides college- or university-level qualifications. Institutions of higher education provide general and specialised further training, based on university-level basic, doctorate and master training. General further training is aimed at expanding existing knowledge, while specialised further training concludes with the issuing of a diploma which is a specialised qualification, different from basic training. **Teacher training,** which involves more than 30% of all full-time students, refers to all basic training branches in higher education where higher and specialised teaching qualifications can be acquired. The types of training are: kindergarten teacher training, elementary school teacher training, higher than elementary teacher training and special teacher training. **Teacher training** reflects the fundamental division of the training system into **general teacher training** (for public education) and **specialised vocational teacher training**. Vocational teachers are prepared, not only to teach in the vocational school system, i.e., in vocational and secondary vocational schools, but also to participate in vocational training outside the school system. **Teacher training** is carried out at college and at university level. The areas of **specialisation** are the (liberal) arts, sciences, arts, physical education, **technical education, economics, agriculture, health** and teaching for the handicapped and special education.

The structure of vocational teacher training is summarised in the following table.

The structure of vocational teacher training

	Technical branch	Economic branch	Agriculture branch	Health
	Type of training			
University level	Teacher	Teacher	Teacher	
College level	Teacher Vocational trainer	Teacher Vocational trainer*	Teacher Vocational trainer**	Vocational trainer

* *Vocational teacher training comprises college-level vocational trainer training as well. Skilled workers with secondary (matriculation) examination and practical vocational experience may receive vocational trainer training to prepare them for practical vocational training.*

** *In the areas of commerce and catering*

Institutions involved in vocational teacher training

Vocational teacher training and vocational trainer training in Hungary is a decentralised system, based on an extensive network. It follows the secondary school system and covers the sectors shown in the following table.

The provision of vocational teacher/trainer training in Hungary

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Engineering	X		X			X	X							X
Power industry	X			X										
Information technology	X		X	X	X	X	X							X
Chemical industry	X													
Architecture, construction industry	X				X									
Transport	X													
Agriculture								X				X	X	
Food industry								X						
Environment protection									X					
Commerce		X								X				
Catering														
Economics		X												
Health											X			

1. Technical University of Budapest,
2. Budapest University of Economics,
3. Bánki Donát Technical College,
4. Kandó Kálmán Technical College,
5. Janus Pannonius University of Arts, Pollack Mihály College Faculty,
6. Széchenyi István Technical College,
7. University of Miskolc, Dunaújváros College Faculty,
8. University of Agricultural Sciences, Gödöllô,
9. University of Sopron,
10. College of Commerce and Catering.

The table also includes the Hajnal Imre University of Medical Sciences (11) where college-level vocational trainer training has been launched.

Basic statistics on vocational teacher training

At present, training in one or more branches of teacher training is provided in most higher education institutions, 53 out of a total of 90 institutions, and 17 of them offer vocational trainer training.

Data on vocational teacher training is, however, difficult to establish from the available statistics.

Data on student teachers and full-time students

	1993/1994	1994/1995	1995/1996	1996/1997
Total number of teachers	18,687	19,103	18,098	19,329
Total number of full-time students	103,713	116,370	129,541	142,113
Of which:				
full-time student teachers	38,660	40,790	45,890	46,211
full-time student vocational trainers	2,523*	2,729*	1,600**	1,432***
The total number of students participating in training, correspondence course and female students in teacher training				
Total number of students (full-time, evening and correspondence)	133,956	154,660	179,565	199,032
Correspondence students in teacher training	16,246	20,537	17,601	17,822
Female students in teacher training (full-time, evening and correspondence)	27,738	27,967	32,868	32,601

*The number of correspondence students participating in 1996/97 was 1,814*****

* *only technical universities and arts universities which also provide teacher training*

** *only technical colleges and universities participating in vocational training (rounded figure)*

*** *only the institutions listed in the vocational teacher training list without the BME and the MKE*

**** *including the Zrínyi Miklós University for National Defence and the Miskolc University but excluding Budapest University of Economics, the College of Commerce and Catering and Pannon Source: Higher Education Statistics information University of Agricultural Sciences.*

Annex 9 - Career starters

Number of registered unemployed school-leavers and registered unemployed by educational attainment in May, 1999

Educational attainment	Number of registered unemployed school-leavers by educational attainment	Number of registered unemployed by educational attainment
Completed primary school or less	7,651	167,123
Completed apprenticeship school or vocational school	8,146	146,130
Completed secondary vocational school or technical school	5,221	51,585
Completed secondary grammar school	3,108	31,714
Completed college or university	782	9,714
Total	24,908	406,266

Source: Monthly Report, May 1999, National Labour Methodological Centre

Number of registered unemployed school-leavers by age group and education level (20 May 1999)

	19 year or less	20-24 years	25-29 years	30-34 years	35-39 years	40-44 years	45-49 years	50-54 years	55-59 years	60 years or more
MALE										
Completed primary school or less	2,551	2,263	120	2	0	0	0	0	1	0
Completed apprenticeship school or vocational school	1,893	3,262	102	3	2	1	0	0	0	0
Completed secondary vocational school or technical school	228	2,417	79	0	0	0	0	2	0	0
Completed secondary grammar school	171	790	42	0	0	0	0	0	0	0
Completed college or university	1	201	169	12	0	0	0	0	0	0
Total	4,844	8,933	512	17	2	1	0	2	1	0
FEMALE										
Completed primary school or less	1,555	1,090	67	0	1	0	1	0	0	0
Completed apprenticeship school or vocational school	1,188	1,608	84	1	0	2	0	0	0	0
Completed secondary vocational school or technical school	357	2,075	61	1	0	1	0	0	0	0
Completed secondary grammar school	381	1,629	91	1	0	2	0	0	0	0
Completed college or university	1	222	167	8	1	0	0	0	0	0
Total	3,482	6,624	470	11	2	5	1	0	0	0
TOTAL										
Completed primary school or less	4,106	3,353	187	2	1	0	1	0	1	0
Completed apprenticeship school or vocational school	3,081	4,870	186	4	2	3	0	0	0	0
Completed secondary vocational school or technical school	585	4,492	140	1	0	1	0	2	0	0
Completed secondary grammar school	552	2,419	133	1	0	2	0	0	0	0
Completed college or university	2	423	336	20	1	0	0	0	0	0
Total	8,326	15,557	982	28	4	6	1	2	1	0

Source: Monthly Report, May1999, National Labour Methodological Centre

School-leaver unemployed by education level and counties (20 May 1999)

Counties	Completed primary school or less	Completed apprenticeship school or vocational school	Completed secondary vocational school or technical school	Completed secondary grammar school	Completed college, university	Total
Budapest	233	139	231	155	76	834
Baranya	401	374	193	128	34	1,130
Bács-Kiskun	304	415	250	150	360	1,155
Békés	287	345	272	172	310	11,070
Borsod-Abaúj-Zemplén	1,142	1,494	689	420	88	3,833
Csongrád	290	257	264	144	36	991
Fejér	305	272	255	123	41	996
Győr-Sopron-Moson	94	109	106	64	26	399
Hajdú-Bihar	795	740	363	283	65	2,246
Heves	244	233	206	94	37	814
Komárom-Esztergom	272	272	263	138	31	976
Nógrád	302	242	231	121	19	915
Pest	271	361	329	169	44	1,174
Somogy	294	335	245	112	23	1,009
Szabolcs-Szatmár-Bereg	1,290	1,316	473	407	73	3,559
Jász-Nagykun-Szolnok	448	520	275	134	37	1,414
Tolna	342	289	216	105	27	979
Vas	97	99	89	46	20	351
Veszprém	183	233	166	112	20	714
Zala	57	101	105	31	18	312
Total	7,651	8,146	5,221	3,108	782	24,908

Source: Monthly Report May 1999, National Labour Methodological Centre

Enrolment in continuing vocational training

Number	Type of institution	1995				1998			
		Number of institutions	Enrolled			Number of institutions	Enrolled		
			Number of courses	Participants	%		Number of courses	Participants	%
1	Private training providers	249	2,026	52,154	53	282	3,051	57,462	55
2	Central state organisations and their institutions	48	886	21,283	22	78	1,210	22,858	22
3	Local government organisations and their institutions	137	495	12,540	13	153	504	11,568	11
4	Legally constituted non-profit organisations	14	43	788	1	62	463	8,808	8
5	Institutions with other legal forms	95	573	11,816	12	28	135	2,979	3
	Total	543	4,023	98,581	100	603	5,363	103,675	100
2, 3	Institutions maintained by the State	185	1,381	33,823	35	231	1,714	34,426	33
1, 4, 5	Non-state institutions	358	2,642	64,758	66	372	3,649	69,249	66
1, 5	Profit-oriented institutions	344	2,599	63,970	65	310	3,186	60,441	58
4	Non-profit institutions	14	43	788	1	62	463	8,808	8
	Non-state institutions as a percentage of the total number of institutions	65.93	65.67	65.69	66	61.69	68.04	66.79	66

Source: On the basis of statistical data ordered (No 1664, 1665) within the framework of the National Programme for Data Collection (OSAP).

The most popular subjects for which training is offered

1998			
Uniform Classification System of Occupations designation	**Training courses**	**Enrolment**	
	Number	Number	%
Technical professions	1,200	22,139	21
Economic and bank administrators	817	19,637	19
Commercial and catering professions	964	18,462	18
Operators of other non-movable machines	358	7,114	7
Professions related to non-material services	314	6,133	6
Healthcare professions	181	5,206	5
Professions in the iron and metal industry	193	2,816	3
Administrators of jurisdiction, life and property security	113	2,356	2
Professions in the construction industry	130	1,681	2
Professions related to social and labour market services	76	1,669	2
Other, non-listed professions	1,017	16,462	16
1998 Total	5,363	103,675	100

Source: On the basis of statistical data ordered (No 1664, 1665) within the framework of National Programme for Data Collection (OSAP).

Annex 11 - Research programmes

1999

Feasibility study of strategic plans on local, regional and national level, Restructuring the qualification structure, National Institute of Vocational Education

Role of the social partners in the decision-making and elaboration phase of vocational education and training planning, National Institute of Vocational Education

Curriculum Development, Feasibility study, National Institute of Vocational Education

Labour Market Forecasts (short- and medium-term), National Institute of Vocational Education

Feasibility study of modules developed in the field of computer sciences, National Institute of Vocational Education

Research on the mutual impact of different programmes launched in the school-based education system, with a view to identifying overlaps in different qualifications, National Institute of Vocational Education

Comparative analyses of vocational education and training systems in European Union Member States, National Institute of Vocational Education

1998

Structural and content overview of the National Register of Qualifications, National Institute of Vocational Education

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Development of an effective system to measure efficiency in the field of vocational education and training, National Institute of Vocational Education

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Development of professional teacher training, Technical University of Budapest Pedagogical Department

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Education and integration, National Institute of Education

Vocational training of disadvantaged students, National Institute of Education

Continuing vocational training in Hungary, National Institute of Education

Training outside the school system, National Institute of Education

Longitudinal research of students learning entrepreneurial skills, National Institute of Vocational Education

Vocational education and training demands of employers and the economy, National Institute of Vocational Education

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An effective engineering education programme, Kandó Kálmán Technical College

International master training - Pilot project with the Netherlands, Hungary and Russia, Kandó Kálmán Technical College

Development of professional education, 1976-1990, Kandó Kálmán Technical College

Development of the contribution of municipalities to public education, Ministry of Labour

Cost of vocational training and normative state financing, Expanzió Human Consultancy Ltd

Library of documentation related to professional education of the Hungarian Chambers of Commerce and Industry, Ministry of Labour

Analysis of the database prepared within the framework of the government programme for the revision of public education, Ministry of Labour

Analysis of the forecast and simulation model of secondary vocational training, with particular regard to participation in school-based vocational training, Ministry of Labour

Employment and social development, Technical University of Budapest Pedagogical Department

Strengthening of educational and economic relations, Technical University of Budapest Pedagogical Department

Development of national vocational training, European Training Foundation, Technical University of Budapest Pedagogical Department

Vocational training and privatisation, Technical University of Budapest Pedagogical Department

Methodology of distance learning, Technical University of Budapest Pedagogical Department

Renewal of professional teacher training, Technical University of Budapest Pedagogical Department

Staff development of technical teacher training, Technical University of Budapest Pedagogical Department

Integration of work and learning, European Training Foundation, National Institute of Education

Labour demand and vocational education and training policy of the Austrian-Hungarian Joint Ventures, National Institute of Education

Vocational education and training – Conflicts and solutions on the local level, National Institute of Education

Employers on labour demand and vocational education and training, National Institute of Education

Professional education for young people who have an inefficient or purely formal primary education, National Institute of Education

Institutional system of vocational education and training from its initiation to the present, National Institute of Vocational Education

Research on the development of the education structure during the transitional period, National Institute of Vocational Education

Training profiles in secondary vocational education and training in view of higher education profiles and the expected demands of the labour market, National Institute of Vocational Education

The changing structure of vocational education and training, National Institute of Vocational Education

Overview of teaching entrepreneurial skills and the integration of these skills into the curricula of the institutions, National Institute of Vocational Education

Interest of schools in the development of a qualification structure, National Institute of Vocational Education

Important factors in carrier orientation – student responsibility, National Institute of Vocational Education

Expectations of the 14-18 age group concerning vocational education and training – Evaluation of training efficiency. National Institute of Vocational Education

Curriculum development in the Regional Labour Development and Training Centres, National Institute of Vocational Education

Feasibility study on professional training materials (books), National Institute of Vocational Education

Development of local curricula in schools, National Institute of Vocational Education

Interest of school managers in the development of the qualification structure, National Institute of Vocational Education

Annex 12 - Key legislation on vocational training

48/1999. (XII. 26.) OM decree
Decree 48/1999. (XII. 26.) OM of the Minister for Education on the conditions of the settlement of the costs of those who are obliged to contribute to vocational training and who fulfil this obligation by providing vocational training to their own staff and on the rules of the settlement

47/1999. (XII. 25.) OM decree
Decree 47/1999. (XII. 25.) OM of the Minister for Education on the modification of decree 17/1999. (IV. 2.) OM on the execution of Act LXXVII of 1996 on contributions to vocational training and the subsidy to the development of vocational training

Act of LXII. 1999
Act LXII of 1999 on the modification of Act LXXVII 1996 on contributions to vocational training and on the subsidy to the development of vocational training

Decree 17/1999. (IV. 2.) OM
17/1999. (IV. 2.) OM Decree on the execution of Act LXXVII of 1996 on vocational training and on the subsidy to the development of vocational training

Decree 45/1997. (III.12.) on high level vocational training
Government Decree on the accredited, high level, school-type vocational training

Contribution to vocational training
Act LXXVII of 1996 on contributions to vocational training and on the subsidy to the development of vocational training

Act on vocational training
Act LXXVI of 1993 on vocational training

Examination of skills
Decree 10/1993. (XII. 30.) mom on the general rules and procedural system for vocational examinations

Benefits to skilled persons
Joint decree 9/1993. (XII. 30.) mom-MKM on the benefits to be provided to students participating in school-type vocational training courses

Significant legislation related to contributions to vocational training:

Government resolution 2013/1971 (IV.28.)

Joint decree 2/1972. I. 8. mom-PM

Resolution by the Council of Ministers No 41/1985. (X. 5.)

22/1986. (VI. 20.) MT decree

28/1988. (XII. 31.) MM-PM decree

Act IX of 1988. § 13. (2) a)-b)

Act XXIII of 1988. on contributions to vocational training and on the vocational training fund

Act CIX of 1990 § 8.

Act XCI of 1990.

Act CIII of 1990 § 1., §. 2. and § 3.

Act LXVIII of 1990

Act CII of 1990, § 9.

Act XVIII of 1991.

Act XCI of 1991, § 75.

Act LXXXVI of 1991, §2. section (1), subsections a) – f)

Act LXXVI of 1993 on vocational training

Act XVI of 1994.

Act LXXXIV of 1995

Act CIX of 1993, § 1§ (1), (2), 3. § 7 and § 8. §-.

Act CXII of 1996, § 38.

Act LXXII of 1995, § 26.

Act LXXXIV of 1995

Act CXXIV of 1995 § 22, § 23, § 24 and § 27. (2).,

Act LXXVII of 1996 on contributions to vocational training and the subsidy to the development of vocational training.